



Automated Commercial System (ACS) Reconciliation Prototype

A Guide to Compliance, Version 4.0

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A Note on Changes from Version 3.0

Version 4.0 of the Customs and Border Protection (CBP) Automated Commercial System (ACS) Reconciliation Prototype Operations Guide updates and amends the March 2002 Version 3.0. These changes include North American Free Trade Agreement (NAFTA), the United States – Chile Free Trade Agreement (US-CFTA) and requirement for presentation on a compact disk (CD) instead of two floppy disks. There is additional clarification and expansion of several areas of the text. In order to fully update and improve the guide, we solicited the knowledge and experience of CBP and trade personnel who have worked closely with the prototype since its inception. All Federal Register notices are included in their entirety in the appendices.

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I. Introduction

Throughout the design and implementation of the Automated Commercial System (ACS) Reconciliation Prototype, CBP has interacted with the trade community to devise a method of addressing outstanding issues involving post-entry adjustments. This guidebook, which is in its fourth version, is intended to provide a comprehensive look at the reconciliation process. It contains updated information on the ACS Reconciliation Prototype, which commenced on October 1, 1998.

Since the prototype's inception, more than 9.5 million entries have been flagged and thousands of actual Reconciliations have been filed. Along the way, various modifications to policies and procedures have been made via Federal Register notices. In addition to background and basic information, this guidebook contains all of the current policies referenced in various trade bulletin notices and the Federal Register notices.

A. Background

The business realities of global trade are constantly changing. CBP must also change to address those realities. The increasing complexity of trade means more joint ventures, more intricate import transactions, and other situations that were not envisioned during the drafting of many laws. For years, CBP ACS has allowed importers and brokers to submit entry summaries electronically. However, a portion of entry summaries contains indeterminable information. More and more transactions involve final adjustments to an import price that may not be known until months after the merchandise is purchased and imported. Filers and ports previously made their own special arrangements to reduce the administrative burden of such adjustments. However, these local, informal versions of "reconciliation" were problematic because they varied a great deal from place to place, often had no legal basis, and lacked adequate financial controls.

In late 1993, the Modernization Act (Mod Act) was enacted, providing legal authority for reconciliation and addressing record keeping requirements and concepts such as "reasonable care" and "shared responsibility." Specifically, the Mod Act enhances the entry summary process by allowing indeterminable information to be identified and provided to CBP at a future time. This reconciliation process, implemented as the ACS Reconciliation Prototype, was announced and subsequently refined in the following Federal Register notices:

- **63 FR 6257—February 6, 1998 (replaces previous notices)**
- **63 FR 44303—August 18, 1998 (modifications and clarification)**
- **64 FR 39187—July 21, 1999 (amendments)**
- **64 FR 73121—December 29, 1999 (modifications and clarification)**
- **65 FR 55326—September 13, 2000 (extended prototype indefinitely)**
- **66 FR 14619—March 13, 2001 (modifications)**
- **67 FR 61200 – September 27, 2002 (NAFTA change and national permit required)**

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- **67 FR 68238 – November 8, 2002 (Corrections)**
- **69 FR 53730 – September 2, 2004 (US-CFTA and CD requirement)**

The Federal Register published on February 6, 1998 replaced the previous notices regarding reconciliation; and therefore, is the current starting point for the Reconciliation Prototype. This guidebook supplements the February 6, 1998, Federal Register notice and subsequent revisions and modifications thereto.

Title VI of the North American Free Trade Agreement (NAFTA) Implementation Act (the Act), Public Law 103-182, 107 Statute 2057 (December 8, 1993), contains provisions pertaining to CBP modernization (107 Statute 2170). Subtitle B of Title VI establishes the National Customs Automation Program (NCAP)--an electronic system for processing commercial importations. Section 637 of the Act amended section 484 of the Tariff Act of 1930 to establish a new subsection (b), entitled Reconciliation, as a planned component of NCAP. Section 101.9(b) of CBP Regulations (19 CFR 101.9(b)) provides for the testing of NCAP components. (See [Treasury Decision](TD) 95-21.) This test of the prototype is established pursuant to those regulations.

The ACS Reconciliation Prototype is a step toward enhancing processing capabilities and repairing problems. Because local methodologies lack the ability to respond to the growing complexities of processing international trade, CBP law mandates the use of one of only two methodologies for post-summary adjustments. Either each import shipment must be separately appraised and adjustments applied to individual entries or the ACS Reconciliation Prototype must be used. CBP has worked very closely with the trade community to design a prototype that will benefit all and will alleviate the burdens of entry-by-entry processing. The Reconciliation Prototype is national in scope, and its success will be determined by its ability to deliver a legal, financially reliable, and efficient process. With design of this prototype, CBP seeks to accomplish the following:

- Make progress under the reconciliation component of the Mod Act.
- Establish uniformity in an area that has operated under a variety of procedures.
- Provide financial safeguards.
- Institute a legal mechanism for reconciling entries.
- Streamline CBP and business processes.

The testing period for the prototype began on October 1, 1998, and was extended indefinitely beginning October 1, 2000.

The purpose of this guidebook is to present a comprehensive look at reconciliation and the benefits it will provide to both CBP and the trade community.

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B. Overview

1. Concept of Reconciliation

Reconciliation allows an importer to revise certain elements of a summary entry that were indeterminable at the time the merchandise was entered. In the current prototype, such adjustments are limited to the following elements:

- **Value**
- **Harmonized Tariff Schedule of the United States (HTSUS) Heading 9802**
- **Classification (on a limited basis)**
- **Eligibility under 520(d) the North American Free Trade Agreement (NAFTA) or the United States – Chile Free Trade Agreement (US-CFTA)**

These elements are described in detail in chapter II of this guidebook.

The Reconciliation Prototype allows importers to file their entry summaries using the best available information and electronically “flag” estimated elements, with the mutual understanding that CBP will receive the actual information at a later date. Importers then provide the corrected information on a new type of entry called a Reconciliation.

Reconciliation may not be used to defer entry summary obligations, that is, to extend the ten-day summary period to fifteen months.

As an entry, a Reconciliation may be liquidated, rejected, or change liquidated. The liquidation of a Reconciliation can be protested, just as the underlying entry summary is liquidated and that liquidation protested. The liquidation of the Reconciliation will be posted to the Bulletin Notice of Liquidation and may be protested pursuant to 19 USC 1514. However, the protest must only pertain to the issue(s) flagged for reconciliation (i.e., the protest may not revisit issues previously liquidated on the underlying entry summaries).

2. Exclusive Means

The ACS Reconciliation Prototype will serve as the exclusive means for reconciling post-summary adjustments to dutiable value, and HTSUS Heading 9802 value. It may also be used to effect certain changes in merchandise classification affecting multiple entries. Adjustments made via a single Reconciliation result in a single bill or refund. Any party who elects to reconcile entries pursuant to 19 USC 1484(b) may do so only through this prototype. It will replace the processes of reconciling entry summaries under block appraisement/liquidation, in which the liquidation of one or several entries affects multiple entries for an entire period. Previous methods of accomplishing similar post-entry adjustments are no longer permitted. The prototype may also be used for processing post-import refund claims under 19 USC 1520(d).

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3. Alternatives to Reconciliation

a. Withhold Liquidation

Importers retain the right to request the extension of liquidation of entry summaries as described in 19 CFR 159.12. Importers may still request, in writing, that CBP withhold liquidation on all entries with unresolved issues and make adjustments to them individually. This prior notification that certain issues exist is essential to the demonstration of reasonable care. The reasonable care mandate requires that importers give their best estimates of declared value based on data available at that time, rather than using values that bear no relation to the reality of the transaction. Financial adjustments to each entry summary must be provided to CBP. If the withhold liquidation alternative is used, post-summary adjustments involving 9802 values must be filed within six months (or at the discretion of the port director) in accordance with 19 CFR 10.21.

b. Supplemental Information Letter

If an entry summary needs correction after filing, the Supplemental Information Letter (SIL) may be used. The SIL can cover amendments that result in requests for refunds or the submission of additional monies owed prior to liquidation.

The SIL typically addresses amendments on elements that could have been determined at the time of entry, as opposed to issues that are reasonably indeterminable at that time. Filers who use SILs excessively may be judged as failing to exercise reasonable care and may be penalized. CBP will monitor the volume of SILs and will take appropriate action should excessive use be observed.

c. Protests, Administrative Review, Etc. (19 USC 514, 520)

In accordance with 19 CFR 173 and 174, issues subject to protest, corrections of clerical errors, mistakes of fact, or inadvertence may continue to be resolved through existing procedures.

d. Prior Disclosure

Existing procedures for prior disclosures will remain in force during the Reconciliation Prototype's test period. Importers must be aware of the distinction between prior disclosure and reconciliation. A prior disclosure covers situations in which the circumstances of a violation of 19 USC 1592 are revealed voluntarily. Pursuant to section 1592(c)(4), the person revealing the information must disclose the circumstances of a violation before, or without knowledge of, the commencement of a formal investigation of the violation. Under reconciliation, the importer is not disclosing a violation, but is identifying information that is indeterminable and is providing that information at a later time.

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e. Other Individual Entry Adjustments Allowed by Federal Regulations

Any other adjustments prescribed by federal regulations that involve individual entry appraisement and liquidation of a given entry summary may still be utilized. For example, assist declarations may still be reported to CBP in accordance with 19 CFR 152.103(e)(1). Specifically, the total assist value may be apportioned over (1) the first shipment, (2) the number of units produced up to the time of the first shipment, or (3) the entire anticipated production. Periodic assist declarations, with a single check payment, covering more than one entry summary may be treated as attempted prior disclosures.

4. Eligibility for Participation

All importers may apply for participation in the ACS Reconciliation Prototype. Participants are not obligated to flag entries or file Reconciliations. However, flagging entries creates certain obligations that will be described elsewhere in this handbook.

There is no special form for requesting participation in the prototype testing. CBP will accept a standard letter from the importer (or power of attorney) with information such as importer number, descriptions of the specific issues and merchandise involved, ports of entry used, and so on. The complete requirements for application are available on the CBP web site, www.customs.gov/recon, or in the February 6, 1998, Federal Register notice. Please send your applications to the following address:

Reconciliation Team
U.S. Customs and Border Protection
1300 Pennsylvania Avenue, NW
Room 5.2B
Washington, DC 20229

Fax: (202) 344-1096

Applications will be accepted throughout the prototype test period. It is advisable to apply for participation thirty days prior to the desired start date.

There are two basic eligibility criteria:

1. Participants must file the applicable underlying entry summary and Reconciliation electronically via Automated Broker Interface (ABI).
2. Adequate bond coverage must exist for the Reconciliation. Participants must have a rider and a continuous bond, which will be obligated on the underlying entries and used to cover the Reconciliation. Filers must submit a copy of the bond rider with their application to participate; otherwise, CBP will not allow any entries to be flagged. The original bond rider must be filed at the port where the continuous bond is filed. (See Section II for detailed bond information.)

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II. ACS Reconciliation Process

The ACS Reconciliation process is divided into two main steps: (1) flagging entry summaries and (2) filing Reconciliations.

When an importer files an entry summary and certain elements remain undetermined, the entry summary is flagged (either individually or via a blanket flag), thereby providing CBP a “notice of intent” to file a Reconciliation. Reconciliation does not defer entry summary obligations. As noted, the importer must use reasonable care in filing entry summaries, even when they are subject to reconciliation.

When the information in question becomes available, the importer files a Reconciliation, which can cover up to 9,999 underlying entry summaries. The Reconciliation is due within twelve months of the import date of the first entry summary flagged for and grouped on a NAFTA/US-CFTA Reconciliation, or within fifteen months of the entry summary date of the first entry summary for all other Reconciliations. When the Reconciliation is filed (prior to the end of twelve or fifteen months), payment of additional duties, taxes, fees, and interest (or claim for refund) is made. The Reconciliation is verified, processed, and liquidated.

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A. Flagging Entry Summaries

Under the ACS Reconciliation Prototype, ABI is the required method of transmission. Entry summaries with outstanding issues are filed as normal, except that in the header record of the summary, an electronic flag specifies the issue or issues that are outstanding and thus notifies CBP of the importer's intent to file a Reconciliation covering that entry summary at a later date. The flag also lets CBP know that an in-depth review of the summary may not be appropriate at that time.

Up to four issues may be flagged on an entry summary. Once an underlying entry is flagged, it may be liquidated for all other issues. For example, an entry flagged for value may be liquidated for changes made to an incorrect classification.

Flagging legally separates the issue(s) flagged from the entry summary, and such issues may only be addressed on the Reconciliation. For example, if an entry summary is flagged for value, a SIL should not be filed on that entry for any value issue, as no error in valuation is involved. The issue flagged is no longer addressable on the underlying entry. Once the true valuation of the goods on the entry is determined, the Reconciliation should be filed. CBP will not accept SILs filed in place of Reconciliations, except in cases of obvious clerical errors, such as giving value in foreign currency instead of converting it to U.S. dollars. SILs may also be used to address corrections to unflagged issues on the entry. This is especially true for adjustments of quantity or changes in classification for reasons not within the limited scope of the prototype.

1. Determining Entry Summary Eligibility

The following entry types are eligible for reconciliation under this prototype:

- Entry type **01**: Free and dutiable formal consumption entries.
- Entry type **02**: Quota/Visa consumption entries.
- Entry type **06**: Foreign Trade Zone (FTZ) consumption entries.

Entries containing merchandise subject to quota may be reconciled for all issues except classification. FTZ entries with Anti-dumping/Countervailing Duty (AD/CVD) merchandise are not currently eligible for reconciliation under this prototype. In addition, if an FTZ entry has NAFTA /US-CFTA issues, the importer must ensure that the product underwent no additional processing to make it qualify for NAFTA/US-CFTA. That is, the product must have qualified for NAFTA/US-CFTA in the same condition as the time it entered the FTZ.

a. Reconcilable Issues

The ACS Reconciliation Prototype is not changing or replacing existing laws concerning reconcilable issues. It simply provides a new process for amending data that historically have been provided to CBP. Existing provisions of laws, regulations, and administrative rulings still apply, except to the extent the Prototype provides otherwise. The four elements subject to flagging under the prototype are outlined in (1) through (4) below.

(1) Value. The ACS Reconciliation Prototype is open to reconciliation of all value issues—assists, royalties, computed value, and any other factors affecting CBP valuation, such as

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indirect payments. Assists may continue to be reported outside the ACS Reconciliation Prototype under acceptable methods pursuant to 19 CFR 152.103.

(2) Harmonized Tariff Schedule of the United States (HTSUS) Heading 9802. Reconciliations of this element refer to the value aspect of the 9802 provision. Importers may reconcile the estimated to actual values as well as the estimated to actual ratio of U.S. prefabricated components incorporated into the finished product. The 9802 provision allows a partial duty exemption on prefabricated U.S. components assembled abroad. The prototype should be used to process cost updates from estimates to actual figures, as well as for cases in which the actual value or ratio of U.S. components used was subject to change.

Example of 9802 ratio adjustment: An entry is filed and flagged for 9802 Reconciliation. This entry contains one line item in which the importer declares a value of \$1,000 under the HTS 9802008065 duty exemption for U.S. components and a value of \$2,000 under HTS 7701002030. During the reconciliation period, the importer was able to obtain a certificate of origin on a certain component used in assembling the same product, thereby substantiating U.S. origin. At the end of the period, assuming all other costs remained the same, the importer includes the actual U.S. component cost on the Reconciliation by declaring a reconciled value of \$1,100 under HTS 9802008065 and \$1,900 under HTS 7701002030.

Example of 9802 full value adjustment: This example assumes the same scenario as just described, except that the importer also realized an increase in labor costs of \$1,000 throughout the period. In this case, a full increase in value reflecting the increased labor costs and the additional U.S. component costs would be reported on the Reconciliation. Specifically, HTS 9802008065 would include the additional U.S. component cost (valued at \$100) and be reconciled to \$1,100, and HTS 7701002030 would be reconciled to \$2,900. The increase in labor costs would increase dutiable value, in this case HTS 7701002030.

A CBP Form 247 “Cost Submission” or similar format will continue to be accepted as supporting documentation for a Reconciliation, which is a new extended method of reporting these cost adjustments to CBP. Reconciliation does not replace the CF 247 or similar cost updates.

If a filer estimates 9802 content up front, the 9802 value exemption may be reconciled. An importer may *not* reconcile 9802 when the merchandise was entered during the period without claiming the 9802 provision. Some aspects of 9802, such as the textile “special regime” programs, may carry admissibility issues. Issues of admissibility are not allowed under this prototype. As with all data submitted to CBP, estimated 9802 values must be computed with reasonable care.

(3) Classification. Classification issues will be eligible for reconciliation only when such issues have been formally established as the subject of one or more of the following:

- Pending administrative ruling (including preclassification rulings)
- Protest
- Pending court action

Reconciliation for other classification issues is not permitted, and CBP will monitor appropriate use of classification flags. Classification is used to determine that the product meets the criteria for admissibility into the United States, fulfills other government agencies’ requirements, and is

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eligible for special trade programs. (See Alternatives to Reconciliation in Section I for methods of addressing non-reconcilable issues.)

An entry summary flagged for classification may have multiple line items, but only a portion of all the product HTS classifications pertain to issues that are pending an administrative ruling, protest, or court action. In this case, the *only* classification issues that are transferred from the underlying entry are those that meet the requirements of the prototype (i.e., the portion of products pending an administrative ruling, protest, or court action). The other (non-prototype) classification issues remain on the underlying entry and are addressable via the existing protest procedures (i.e., 19 USC 1514).

In the event that entries are flagged for classification when no allowable classification issues exist, the Reconciliation that closes out those entries must include classification in the issue code of the Reconciliation entry. However, no changes to any classifications from those entries should be made if there were no allowable classification issues.

(4) North American Free Trade Agreement (NAFTA) and US – Chile Free Trade Agreement (US-CFTA) claims under 520(d) . A major benefit to 520(d) Reconciliation is that the importer will receive one refund check per Reconciliation, which can cover up to 9,999 entries, rather than receiving individual checks for each corresponding entry, as occurs under existing procedures. Reconciliations for post-importation refund claims under 19 USC 1520(d) can cover an entire period of entry summaries and may include multiple ports. Outside the prototype, the existing petition procedures outlined in 19 USC 1520(d) will still be used.

NAFTA/US-CFTA Reconciliations are subject to the obligations of 19 USC 1520(d). The importer must possess a valid certificate of origin when making a NAFTA/US-CFTA claim. Presentation of the NAFTA/US-CFTA certificate of origin to CBP is waived for the purposes of this prototype, but the filer must retain this document and provide it to CBP upon request. The record keeping provisions of CBP laws (19 USC 1509(a)(1)(A)) cover the certificate of origin. The three written statements required in 19 USC 1520(d) should also be submitted with the reconciliation. They may be placed within the line item spreadsheet. [See 'Statements Required for NAFTA/US-CFTA Reconciliations' on page 28.]

Interest shall accrue from the date on which the claim for NAFTA/US-CFTA eligibility is made (the date of the 520(d) Reconciliation) to the date of liquidation or reliquidation of the Reconciliation.

As with traditional 520(d) claims, the prototype requires that merchandise for which NAFTA or US-CFTA eligibility is not established at the time of summary be entered without the NAFTA or US - CFTA claim. However, under the prototype, entries of such merchandise can be flagged for NAFTA reconciliation, and the NAFTA or US – CFTA claim, if appropriate, will be made via the Reconciliation. Duties on imported merchandise must be paid at the time of summary in order to be eligible for a retroactive 520(d) claim.

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b. Non-reconcilable Issues

Issues that *can be* determined at the time of entry summary should *not* be addressed through the Reconciliation Prototype. Freight charges are an example of something typically known at summary. Quantity is not a reconcilable issue, as it directly affects admissibility, and by law reconciliation cannot address issues regarding admissibility. Customs realizes there is a business need for reporting landed quantity discrepancies and is looking into different ways of handling them. For the duration of this phase of the prototype, however, quantity is not a reconcilable issue.

2. Submittal of Flagged Underlying Entry Summaries

The flag accomplishes the following:

- Identifies indeterminable issues
- Transfers liability for those issues to a Reconciliation
- Permits the liquidation of the underlying entry summary as to all issues other than those that are transferred to the Reconciliation

By providing the flag as a notice of intent to reconcile, an importer is requesting that a certain issue or group of issues are separated from the entry summary. The importer requests and accepts that the issues identified in the notice of intent remain open and outstanding. The importer remains responsible for filing a Reconciliation and is liable for any duties, taxes, and fees resulting from the filing and/or liquidation of the Reconciliation (except in cases of NAFTA/US-CFTA-flagged entries, where the filing of a Reconciliation remains optional).

A filer may flag entries via an **individual entry flag** or a **blanket flag**. Filers who use the individual entry flag (called the entry-by-entry flag in the earlier Federal Register notices) choose which entries are flagged for reconciliation, and for what issues. The importer flags the underlying entries on the header record of an entry summary at the time of filing via an ABI indicator, which will serve as the notice of intent. Any combination of the four eligible issues may be flagged on a given entry summary. An individual entry flag is input via ABI transmission by the filer.

The other method of flagging, the blanket flag results in the same type of flag on the entry summaries. However, the flag is automatically input by CBP for all entries with the approved importer of record number.

Importers who find that a large majority of their entry summaries require flagging may wish to provide their notice of intent by filing a blanket flag in lieu of individual entry flags. An importer may request a blanket flag in writing, specifying the following information:

- Importer number
- The issue(s) that will need flagging throughout the period indicated

When a blanket flag is used, the specified flags will be applied to every single entry summary filed, in every port, for that importer of record during that time period. This means that each of those entry summaries must be closed by Reconciliation. Importers are cautioned to request a blanket flag *only* when they are certain that every entry made with their IRS number will

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involve reconciliation issues. Since every entry is flagged regardless of port or broker, many importers find that outlying port entries involving a non-reconciliation issue are needlessly flagged with blanket flagging.

Please note the following:

1. Because of the limited scope of classification Reconciliation, blanket flag requests for classification issues will *not* be allowed by CBP.
2. An individual entry flag will override a blanket flag. If an individual entry flag is applied to a summary, ACS will treat that summary in accordance with that individual flag and will ignore the blanket flag.

Example 1: If an importer has an active blanket flag for value and during the blanket period submits an entry summary with an individual entry flag for NAFTA/US-CFTA and value, the entry summary will be flagged for both. This will identify that the entry summary has an additional, reconcilable issue that is not part of the current blanket flag.

Example 2: If an importer has an active blanket flag for value and during the blanket period submits an entry summary with an individual entry flag for NAFTA/US-CFTA, the entry summary will be flagged only for NAFTA because individual entry flags applied to a summary override blanket flags.

Activation of a blanket flag should be requested seven to ten business days before it is needed to take effect. Occasionally, some entries that are applicable to a recently submitted blanket flag request may require individual entry flags in order to meet time constraints (e.g., when CBP has not yet had time to activate the blanket flag).

Once a blanket flag is requested, importers are urged to verify with CBP that the flagging has been activated and is in effect.

Reconcilable issues and their corresponding flag codes appear below.

ISSUE	ACS FLAG INPUT CODES
Value	0 0 1
Classification	0 0 2
9802	0 0 3
Value + Classification	0 0 4
Value + 9802	0 0 5
Classification + 9802	0 0 6
Value + Classification + 9802	0 0 7
NAFTA/US-CFTA	Yes/No

One underlying entry summary may have up to two Reconciliations--one for NAFTA and one for any combination of value, 9802, and classification.

3. Bond Information

Entry summaries flagged for reconciliation will require a valid continuous bond, which must be accompanied by a rider. The original, signed bond rider must be filed at the port where the

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continuous bond is filed. The rider must be signed by all principal parties and the surety to be valid. A copy should also be faxed to the Reconciliation Team at (202) 927-1096.

The rider shall read as follows:

By this rider to Customs Form 301 No. _____, executed on _____ by _____ as principal(s), importer no(s). _____, and _____ as surety, code no. _____, which is effective on _____, the principal(s) and surety agree that this bond covers all Reconciliations pursuant to 19 USC * 1484(b) that are elected on any entries secured by this bond, and that all conditions set out in section 113.62, CBP Regulations, are applicable thereto. The principal(s) and surety also agree that when an aggregate reconciliation under this rider lists entries occurring in more than one bond period, any liabilities to CBP reflected in that Aggregate Reconciliation shall be attributable (up to the full available bond amount) to any or all bond periods occurring during the time covered by the aggregate reconciliation for which any entries are listed.

CBP will not grant flagging capability to the filer(s) unless the importer has a valid continuous bond and a copy of a valid rider is on file with the reconciliation team. Adequate bond coverage as determined by CBP must exist. All underlying entries subject to one Reconciliation must be covered by one surety and one continuous bond. Two or more sureties cannot cover the same reconciliation. Changes in the language of the rider proposed by either the bond principal or surety will not be allowed.

Important: Note that changes to the continuous bond will affect the bond rider. When these changes necessitate a new bond rider, a copy of the bond rider should be faxed to the Headquarters Reconciliation Team at (202) 344-1096. Also, a change in surety companies covering an importer's entries will require separate Reconciliations under each surety.

4. Impact on Drawback Claims

The ACS Reconciliation Prototype allows for certain issues to remain outstanding pending filing of the Reconciliation. Because the information regarding these issues and the resulting liability for the duties, taxes, and fees previously asserted by the importer may change when the Reconciliation is filed, CBP will not accept drawback claims or certificates on underlying entries until the Reconciliation has been filed.

Requesting Flagged Entry Reports

CBP has developed a fee-for-service report system. Importers who wish to obtain reports of flagged entries for record keeping purposes may do so by contacting the CBP National Finance Center in Indianapolis, IN. The procedure is detailed in the March 13, 2001 Federal Register notice contained in Appendix E. Importers who wish to manipulate the report data further will need to obtain the delimited text version on electronic media. There is a nominal extra charge for this service. Examples of the reports appear in Appendix B.

B. Filing Reconciliations

A Reconciliation is a vehicle for finalizing outstanding information associated with previously filed entry summaries. Each Reconciliation will be limited to one importer of record; that is, the underlying entries and the Reconciliation must have the same importer-of-record number at the full suffix (eleven-digit) level. Programming limitations permit up to 9,999 underlying

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entries per Reconciliation. If more than 9,999 entries are being reconciled, more than one Reconciliation will be needed.

Reconciliation is to be used to group entries together for a common outstanding issue. Entries flagged for reconciliation that have the same outstanding information should be grouped on one Reconciliation; for example, entries flagged awaiting finalization of assist information should be grouped on one Reconciliation when the assist information is provided. A Reconciliation does not have to cover underlying entries in chronological order. Grouping by issue rather than by date can be done as long as the filing deadline for any entry is not exceeded.

Entries filed in Puerto Rico or the Virgin Islands. These must be addressed on separate Reconciliations. Reconciliations cannot combine underlying entries filed in Puerto Rico or in the Virgin Islands with entries filed at any other port. This limitation exists because revenue deposited on or refunded from entries filed in these two territories is handled differently. In each case, the monies are attributed to separate accounts.

1. Types of Reconciliations

Two types of Reconciliations may be filed: Entry-by-Entry and Aggregate. For both, the structure of the Reconciliation will include a header, association file, and summarized line item data spreadsheet.

COMPARISON OF THE TWO TYPES OF RECONCILIATIONS		
	AGGREGATE	ENTRY-BY-ENTRY
HEADER (Transmitted via ABI)	a) Basic entry data b) Revenue Totals	a) Basic entry data b) Revenue Totals
ASSOCIATION FILE (Transmitted via ABI)	a) Underlying entries	a) Underlying entries b) Revenue change/entry
LINE ITEM DATA SPREADSHEET (CDs (one CD + one hard copy)	a) One line for each [HTS/country/SPI/year]	a) One line for each [HTS/country/SPI/year]

a. Entry-by-Entry Reconciliation

This Reconciliation is a detailed submittal in which the revenue adjustment is specifically provided for each affected entry summary. All applicable entries may be finalized via the Entry-by-Entry Reconciliation, and all adjustments made, including refunds of duties, taxes, and fees. The revenue adjustment will be broken down to entry-by-entry detail for all underlying entry summaries. After the Reconciliation has been filed, drawback may be claimed against the underlying entries and, if appropriate, the reconciled increase.

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When a refund in duties, taxes, or fees is claimed, an Entry-by-Entry Reconciliation must be used in order for CBP to issue the refund.

b Aggregate Reconciliation

This option consolidates all entries covered in the Reconciliation and applies generally to those situations that involve an absolute increase. *Absolute increase* refers to changes or adjustments between line items on a given entry that result in an increase to the entry as a whole. That is, regardless of decreases on individual lines on entry A, if the whole change for entry A resulted in an increase in duties, taxes, and fees, it is considered an absolute increase.

Example: A given entry contains two line items. An assist was provided for product A reported on line 1, which resulted in an increase in duty. Currency fluctuations affected the value of product B reported on line 2, which resulted in a decrease of duty. Where products A and B are reported on the same entry and are both covered by a Reconciliation, the Reconciliation would have an absolute increase if the increase to product A is greater than the decrease to product B.

The Aggregate Reconciliation will include a list of all underlying entries but will not require the revenue adjustment to be broken down by entry. The importer waives any refunds, including claims for drawback, on the Aggregate Reconciliation increase except through a protest of the Reconciliation itself.

When increases *and* decreases between entries result at the end of the reconciliation period, the importer can exercise one of the following filing options:

- File an Entry-by-Entry Reconciliation to account for both the increases and decreases.
- Submit two separate Reconciliations: an Aggregate Reconciliation for entries with no change or revenue increase and an Entry-by-Entry Reconciliation for entries with a decrease in revenue.
- File an Aggregate Reconciliation to account for the increases, report the decreases on a separate section of the summarized line item spreadsheet, and waive the refunds resulting from the decreases.

Netting, on the other hand, is the principle that applies to changes or adjustments between different entries that offset one another. If netting is used to reach a net increase, the importer may not file an Aggregate Reconciliation, unless any refund amount is waived (see below).

Example: Entry 123 covers product A. Entry 456 covers product B. An assist was provided for product A, which resulted in an increase in duty. The value of product B was affected by currency fluctuations, which resulted in a decrease of duty. The increase on entry A and decrease on entry B may not be combined to offset each other as this would be considered netting. Instead, the importer must do one of the following:

- File an Entry-by-Entry Reconciliation to account for both the increases and decreases.

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- File an Aggregate Reconciliation for entry 123 and an Entry-by-Entry Reconciliation for entry 456.
- File an Aggregate Reconciliation for both entries and waive the refund resulting from the decrease on entry 456.

Remember, absolute increases apply to whole adjustments made between two or more *line items on a given entry*. Netting refers to whole adjustments made between two or more *entries*.

Filing Aggregate for Decreases. An importer may choose to file an Aggregate Reconciliation for decreases (or downward adjustments) if the resulting refund of duties, taxes, and fees claimed are *waived*, thereby releasing CBP from liability. Although both increases and decreases may be reported on an Aggregate Reconciliation, they must be reported separately because of the prohibition against netting. On a separate section of the summarized line item data spreadsheet, the importer must certify the following immediately before listing the tariff items for the downward adjustments:

“The tariff items shown below are items for which the reconciliation adjustment resulted in a decrease of duties, taxes, and/or fees. On this Aggregate Reconciliation, we hereby declare these changes and acknowledge that we waive any claims for a refund of any monies due us as a result of these changes, release CBP of any liability for the refund, and certify that the changes shown below are not included elsewhere in the Reconciliation or netted against increases.”

When filing an Aggregate Reconciliation for decreases, the downward adjustments of the affected duties, taxes, and/or fees will be reported only on the summarized line item data spreadsheet and will *not* be included on the header file or in the ABI transmission. The downward adjustments are reported but not included in the calculation of the aggregate reconciled adjustment.

Filing an Aggregate for decreases is a voluntary option for importers. Any refunds to which the importer is entitled may be obtained by filing an Entry-by-Entry Reconciliation. Appendix B contains a sample Aggregate Reconciliation line item data spreadsheet showing how increases and decreases are reported in separate sections.

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2. Time Frames

Reconciliations have due dates for filing, which are determined by dates on the earliest entry being reconciled. In order to make a claim for NAFTA or US – CFTA eligibility, a 520(d) Reconciliation must be filed within twelve months of the date of importation of the oldest entry summary flagged for and grouped on that Reconciliation. Reconciliations covering all other issues are due within fifteen months of the date of the oldest entry summary flagged for and grouped on that Reconciliation. It should be noted that a 520(d) Reconciliation entry is not considered timely until *all three* elements that comprise a complete Reconciliation are received in the port. These three items (the transmitted ABI header and association file, along with the spreadsheet, CD, and accompanying paperwork) must arrive in good order on or before the statutorily mandated deadline (one year from earliest importation date).

Issues:	NAFTA/US-CFTA*	9802, Classification, Value*
Reconciliation Due Date	12 months	15 months

*If the importer has flagged entries for NAFTA/US-CFTA and determines later that the products did not qualify for the preferential duty rate, a Reconciliation need *not* be filed, and no liquidated damages claims will be issued. All other flagged issues will require a Reconciliation, even if no adjustments are being reported.

No extensions will be allowed on the deadlines for filing Reconciliations. If elements of value, 9802, or classification remain unknown when the Reconciliation is due, the importer must submit a timely-filed Reconciliation with best available information or no changes, along with a written request explaining why liquidation of the Reconciliation should be withheld and for how long. If the importer justifies good cause on why the extension should be granted, CBP will issue a letter of approval to the importer to document the decision and the date of that decision. Changes to the Reconciliation entry itself may then be made once the information is obtained.

If the importer fails to satisfy good cause for the extension of time, CBP will issue a letter of denial to the importer to document the decision and the date of that decision. CBP will then liquidate the Reconciliation using the best available information, which may result in the payment of additional duties, taxes and fees. No such flexibility is allowed for NAFTA Reconciliation, in accordance with law. If no claim can be asserted within twelve months of import, no claim may ever be asserted.

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3. NAFTA and US- CFTA Issues

The one-year filing requirement for claiming duty refunds established under 19 CFR 181.31 still applies to NAFTA 520(d) Reconciliations under the prototype. NAFTA/US-CFTA issues may not be combined with other issues on the same Reconciliation. NAFTA/US-CFTA requires its own Reconciliation. Only *one* NAFTA/US-CFTA Reconciliation may be filed for a given entry summary.

As with traditional 520(d) claims, Reconciliation may be used only to make NAFTA and US-CFTA claims on goods that had no such claim at entry summary. It is **not** to be used to claim NAFTA/US-CFTA up front and to later disclose that the goods were not eligible.

An entry summary flagged for NAFTA/US-CFTA may have multiple products, but only a few products may actually qualify for the status. In this case, *only* the NAFTA/US-CFTA issues that pertain directly to those products originally entered *without* NAFTA/US-CFTA benefits are transferred from the underlying entry to the 520(d) Reconciliation. Effective December 26, 2002 test participants who have flagged for NAFTA/US-CFTA must file a Reconciliation entry to make a post importation claim under 520(d). Reconciliation in the exclusive means to make a 520(d) claim for NAFTA/US-CFTA flagged entries.

Example: On January 1, 2004, an importer flags entry 999 for NAFTA. This entry shows an invoice total for four different products, all with different HTS classifications: Product A is classified under 8414.80.9000, product B under 8483.30.8090, product C under 8607.19.9000, and product D under 9029.90.4000.

Entry 999

Line	HTS	Rate	Duty
001	8414.80.9000	2.0 %	\$100
002	MX8483.30.8090	FREE	\$0
003	8607.19.9000	1.2%	\$50.00
004	9029.90.4000	3.0 %	\$200

Scenario 1:

On June 1, 2004, a Reconciliation for NAFTA is filed on entry 999 for product A only. Assuming all other requirements are met, CBP may issue the refund of \$100 (free rate of duty under NAFTA for HTS 8414.80.9000) on this NAFTA Reconciliation.

Scenario 2:

Following the events of scenario 1, the importer determines on August 1, 2004, that product C qualifies for NAFTA. The importer would like to recover the duties originally deposited, but she or he may not file another NAFTA Reconciliation on entry 999. The importer must file a post-NAFTA import duty refund claim under a 520(d) petition to recover duties paid for product C under original entry 999.

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Scenario 3:

In June 3004, a Reconciliation is filed for NAFTA on entry 999 covering products A, C, and D. Assuming all other requirements are met, CBP may issue the entire amount of duties deposited on entry 999. Note that the NAFTA issue regarding product B remains on the entry and does *not* transfer to the NAFTA Reconciliation filed on June 1, 1999. In other words, the NAFTA flag does not apply to product B; therefore, product B cannot be addressed on the NAFTA Reconciliation.

The filing of NAFTA or US-CFTA Reconciliations is optional. NAFTA/US-CFTA Reconciliations will not be accepted late, but no liquidated damages claims will be issued.

4. Liquidated Damages: Late-File and No-File Results

The liquidated damages claims described in this section apply only to entries flagged for the issues of value, HTS 9802, and classification. When an importer fails to file a Reconciliation for a flagged underlying entry that is not 520(d)-related within the allowable fifteen-month time frame, CBP will issue a claim for liquidated damages for a “no-file.” Reconciliations submitted late will result in liquidated damages claims being issued for a “late-file.” Reconciliations rejected and not retransmitted or resubmitted within the allowable time frame will be considered no-files and liquidated damages will be issued. If a Reconciliation is rejected and resubmitted beyond the given time frame, a liquidated damages claim for late filing of the reject will be issued. If the filer has been issued a Reconciliation no-file and submits the Reconciliation late but without payment, it is still considered a no-file and cannot be mitigated until payment for the Reconciliation is received.

In order to be valid and fully accepted by CBP, all Reconciliations must be submitted with all components (header, association file, and—when required—summarized line item data spreadsheet) and with payment (if appropriate). The filing of a Reconciliation is not considered complete until all these elements are received by CBP. The date of this completion is considered the Reconciliation filing date for the purpose of determining timeliness.

a. Consolidated No-Files

A consolidated no-file is one liquidated damages claim issued per importer per month.

Example: Trucks Incorporated flagged thirty entries that were due for Reconciliation in March. Of the thirty, only twenty-four were closed out on a Reconciliation. During the first week of April, CBP checked to verify whether all flagged entries due for the month of March had been reconciled and discovered that six flagged entries had not been. CBP issues a consolidated no-file against Trucks Incorporated for those six unreconciled entries.

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b. Liquidated Damages and NAFTA/US-CFTA Reconciliations

Liquidated damages will *not* be issued against a NAFTA/US-CFTA Reconciliation that is filed late or is *never* filed.

If an entry flagged for reconciliation of NAFTA/US-CFTA eligibility is not reconciled within the twelve-month time frame, the importer cannot make a 520(d) claim on that entry, but CBP is not missing any critical information. For this reason, CBP has decided to make the filing of NAFTA/US-CFTA Reconciliations optional; no liquidated damages claims will result from failure to file NAFTA/US-CFTA Reconciliations on time.

The other three issues (value, 9802, and classification) involve information that is critical to CBP operations. Timely Reconciliations for these issues are required whether or not any changes are made. Failure to file these Reconciliations on time will result in liquidated damages claims.

Drawback may not be claimed against entries for which there are outstanding flags, but CBP has implemented an automatic process to eliminate open NAFTA/US-CFTA (520(d)) flags past the twelve-month due date. The filer has the following options:

1. File a NAFTA/US-CFTA Reconciliation within the twelve-month time frame in order to claim any 520(d) refunds and enable drawback on the underlying entries.
2. Not file a NAFTA/US-CFTA Reconciliation. If an entry is flagged for NAFTA/US-CFTA and no Reconciliation is filed, drawback cannot be claimed on that entry until CBP's ACS system automatically removes any unreconciled past-due 520(d) flags. This will occur thirty days after the original 520(d) due date.

5. Liquidated Damage Amounts

a. Violations

The following is a list of violations and the formulas that will be used in issuing liquidated damages.

VIOLATION	FORMULA
RECONCILIATION NO-FILE/ CONSOLIDATED NO-FILE (FLAGGED SUMMARY BUT NO RECONCILIATION FILED BY THE 15-MONTH DEADLINE.) <i>RECONCILIATIONS FILED LATE WITH NO PAYMENT WILL BE DEEMED AS "NO- FILE."</i>	The assessed amount is the value of all flagged entries due during the calendar month, or the value of the bond if the value of the entries exceeds the bond amount. Option 1 amount (\$100-\$500) offered when all flagged entries covered on the liquidated damages claim are properly reconciled.
RECONCILIATION LATE FILE (RECONCILIATION FILED AFTER 15- MONTH DEADLINE.)	The assessed amount will be double the duties, fees, taxes, and interest due on the entire Reconciliation or \$1,000, whichever amount is greater.

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	Option 1 (\$100-\$500) depending on number of entries late on the liquidated damages claim.
RECONCILIATION MONEY NO-FILE (RECONCILIATION FILED WITH NO MONEY)	<p>The assessed amount will be double the duties, taxes, fees, and interest due on a Reconciliation, or \$1000, whichever amount greater.</p> <p>Option 1 (\$100-\$500) amount offered only after all duties, taxes, fees, and interest have been paid.</p>
RECONCILIATION MONEY LATE FILE (RECONCILIATION FILED TIMELY, MONEY SUBMITTED LATE)	<p>The assessed amount is double the duties, taxes, fees and interest due on the entire Reconciliation, or \$1000, whichever greater.</p> <p>Option 1 (\$100-\$500) depending on number of entries late on the liquidated damages claim.</p>

b. Impact of Liquidated Damages on Bonds

The issuance of large numbers of liquidated damages claims against an importer's continuous bond could place CBP at risk in trying to collect all of those claims in full because the bond could become "saturated." If the bond is saturated, i.e. the principal or surety has paid liquidated damages amounts up to the full value of the bond, then CBP would be precluded from any further collections against that bond and any outstanding unpaid claims for liquidated damages would have to be cancelled. If there is risk of bond saturation, the importer's reconciliation flagging capability may be withdrawn and the importer may be required to submit single entry bonds for further entry summaries. Once adequate bonding has been guaranteed, the importer's ability to flag entries for Reconciliation can be reestablished.

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6. Flag Combinations

The ACS Reconciliation Prototype is dynamic in that it allows an importer to flag up to four issues at once on a given entry summary. However, a maximum of two Reconciliations may be filed on the same entry summary. A given Reconciliation must address the same issue(s) as coded on the flagged underlying entries.

Example of combined flags (NAFTA/US-CFTA + value + 9802):

Say an importer flags for NAFTA/US-CFTA, value, and 9802 (ACS flag input code 005 and NAFTA indicator "Yes") on a given entry. Assuming this is the only entry flagged within a twelve-month period and the product is determined to be eligible for NAFTA/US-CFTA, the importer would need to file one Reconciliation for NAFTA/US-CFTA (because 520(d) cannot be combined with other issues on a Reconciliation) and another for value and 9802. Value and 9802 (code 005) on an entry cannot be broken into two separate Reconciliations, whether or not NAFTA/US-CFTA is also flagged, because code 005 is specific to value and 9802. The importer must reconcile both issues at the same time on the same Reconciliation.

7. Multiple Reconciliations

Because each underlying entry summary may be covered by up to two Reconciliations, the Reconciliations will be processed and liquidated in the order submitted. Therefore, filers should take into account any previous Reconciliation associated with the same underlying entry when filing the current Reconciliation. The reconciled amount or data submitted on the first Reconciliation should be used as the starting point, or the original amount, for the subsequent Reconciliation. The second Reconciliation will be processed using the reconciled amounts on the first Reconciliation.

Importers who have more than 9,999 entries to reconcile may file multiple Reconciliations at the same time and should indicate that they are doing so in the comments field of each Reconciliation. Filers should annotate in this field the Reconciliation entry numbers of the other associated Reconciliations; for example:

"This Reconciliation is part one of three. The other two Reconciliations are MM0-3243247-7 and MM0-3243248-5."

Multiple Reconciliations of this type (needed because of the 9,999 entry limit) may use a common, shared, summarized line item data spreadsheet.

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C. Structure and Submission of Reconciliations

A Reconciliation has the following three components:

- Header
- Association file
- Summarized line item data spreadsheet

The header and the association file are both transmitted electronically via ABI. However, the spreadsheet should be submitted on one CD and one hard copy. The Reconciliation will be a new entry type—09. For both Entry-by-Entry and Aggregate Reconciliations, the structure of the Reconciliation will include a header and an association file, as well as a separately delivered summarized line item data spreadsheet, when required. (See above Types of Reconciliation for a comparison chart listing the components of each type, on page 17.)

1. Header

The Reconciliation header record provides general information on the Reconciliation. In essence, it is a summary record containing items such as the Reconciliation entry number, the type of Reconciliation, and the issue(s) on that Reconciliation. The header record also includes the grand totals for duties, taxes, and fees, both original and reconciled. The total change in duties, taxes, and fees must be shown. For refunds show negative numbers, **NOT** a zero change (a zero change would indicate no refund requested). Importers who use the aggregate method to reconcile pure no-change entries (those underlying summaries that have *no* reportable change in value) are not required to transmit duties, taxes, and fees in the header. Only zeros need be entered into the money fields for this type of pure no-change Reconciliation. Importers should be mindful that Reconciliations involving value changes that have no revenue impact *cannot* be reconciled using this method. Full data must be transmitted in the header and a spreadsheet must be submitted. See No Reconciled Adjustments on page 27 for more detail. The header record data elements (except in aggregate no-change Reconciliations) are the same regardless of whether the Reconciliation is entry-by-entry or aggregate. (See Appendix B for a sample header record.) A paper copy of the header record (or screen print) must be submitted to CBP as part of the Reconciliation packet.

2. Association File

The major difference between Aggregate and Entry-by-Entry Reconciliation is the structure of the association file. At the very least, the association file contains a list of affected entry summaries previously flagged for Reconciliation and the code for the port where they were filed. In addition, for Entry-by-Entry Reconciliations, the association file will show monetary amounts with changes applied to each entry summary. (See Appendix B for a sample association file.)

The association file for both Entry-by-Entry and Aggregate Reconciliations contains a list of underlying entry numbers (*without* reference to Harmonized Tariff Schedule classifications) and ports of entry, which are grouped together on the Reconciliation.

For Entry-By-Entry Reconciliations only, the following elements are also required:

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- The actual amount of fees (broken out by class code), duties, and taxes, deposited per underlying entry summary.
- The reconciled amount of fees (broken out by class code), duties, and taxes that should have been paid for each of the underlying entries, had complete information been available to the importer at the time of the original summary filing.

3. Summarized Line Item Data Spreadsheet

This third element of the Reconciliation will show, at a macro level, all substantive business changes reported in the Reconciliation. The line item data (including the data elements) must be presented in a standard format. (See the sample spreadsheet in Appendix B.) The data elements in the spreadsheet are the same for both Entry-by-Entry and Aggregate Reconciliations, and in each case, as mentioned, this data must be submitted via one hard copy and one CD in commercial spreadsheet (generic and text delimited) or Excel format. The reconciliation entry number corresponding to the spreadsheet should be noted electronically on the spreadsheet itself. See the examples in Appendix B. The CD itself should be labeled with the Reconciliation entry number, importer of record number (generally the IRS tax I.D. number), and the calendar year or years covered by the spreadsheet contained on the CD. CBP will post NAFTA and US-CFTA spreadsheet information for Census and will retain the CD and the hard copy for review and processing.

Each line item will be consolidated for all of the underlying entries listed in the Reconciliation association file. Each combination of HTS, country of origin, special program indicator (SPI), and calendar year of release (per Census requirements) will require a separate line. It is essential that the data be clearly broken out by calendar year of release on the spreadsheet, even if the reconciliation covers a fiscal period that overlaps two calendar years. In turn, each spreadsheet line will show the original and reconciled data. The original data are extracted from the rolled-up groupings of the entry lines from flagged entries, while the reconciled data are either input manually on a case-by-case basis or prorated automatically via formula. Keep in mind that prorated (or pro rata) adjustments may work in only some situations; pro rata adjustments must be based on values, not on duty rates.

Example of pro rata adjustments:

A company imports three products on numerous entries throughout a given year. These entries are flagged for value. At the end of the year it is determined that values were understated by 10 percent. Assuming these three products were imported proportionately throughout the year—that is, product 1, product 2, and product 3 were each responsible for one third of the entire volume imported—a straight pro rata adjustment could be used.

HTS	Original Value	Reconciled Value	Duty Rate	Add'l Duty
7704102050	\$20,000	\$22,000	10%	\$ 2,000
7705203030	\$15,000	\$16,500	5%	\$ 75
7712909030	\$30,000	\$33,000	FREE	\$ 0

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In this example, the *actual* costs were 10 percent greater than the *standard* (or estimated) costs declared at entry summary. Since the change is a 10 percent increase across the board, each product's value on the spreadsheet can be increased by 10 percent; therefore, the overall adjustment is prorated against the original imports. This example is not always found in the real world, but it depicts the methodology of computing pro rata adjustments. However, when costs are not proportionately allocated, straight proration would not be feasible. For example, if the product classified under HTS 7704102050 had an assist of \$3,800 that applied only to that product, the \$3,800 increase in value should only be added to that line, not prorated among all three products. In any case, each tariff number for which there are reconciled changes will have its own line on the spreadsheet. Also, if an assist were applicable to product 1, product 2, and product 3, and applicable to different shares of the total imported volume, a weighted proration based on the respective volumes may be a more appropriate method.

Fundamentally, the summarized line item data spreadsheet captures any adjustments that have an effect on reportable data elements declared throughout the reconciliation period *without* reference to the underlying entry numbers. Changes may be broken out into separate lines on the spreadsheet to accommodate the importer's accounting structure. For example, an importer using two separate suppliers for the same product may opt to report the adjustments on two separate spreadsheet lines.

a. No Reconciled Adjustments

A summarized line item data spreadsheet is *not* required if changes in any reportable data elements have *not* been made to any of the entry summaries. Reportable data elements are those pieces of data that CBP and Census require to update their commercial databases. (See the sample summarized line item data spreadsheet in Appendix B for a listing of reportable data elements.) Therefore, if a change occurred to the value of a product, this information must be reported on a summarized line item data spreadsheet even if no changes to duties, taxes, or fees resulted.

Example: If an importer has been importing 100 percent of merchandise *free* of duty under NAFTA and realizes a 10 percent increase in value during the same cost period, he or she must complete a summarized line item data spreadsheet. Even though there was no change to duty, the original values need to be reconciled on the spreadsheet because value is a reportable data element. Specific products for which there are no reconciled adjustments to reportable data elements need not be reported on the spreadsheet. If there are no reconciled adjustments to any products and thus no need to file the spreadsheet, the importer **must** make the following note in the remarks section of the header record: "Spreadsheet is not provided because there are no adjustments to reportable data elements in this Reconciliation."

If no reportable data elements are being made to any of the underlying entry summaries, filers may wish to take advantage of the "aggregate no-change" method of reconciliation described on page 25. This type of reconciliation does not require any duty, tax, or fee information to be transmitted with the header, nor is a spreadsheet required. This allows for a less problematic CBP acceptance of the reconciliation and less work on the part of the filer.

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b. Classification Reconciliation Requirements

A Reconciliation of classification or HTS 9802 requires that the summarized data lines be connected to illustrate the respective shift in value from one HTS classification to another. This is necessary to allow potential auditing of the values from the original tariff to the reconciled tariff.

Example: An importer originally declares \$1,000 under HTS 9802 and \$10,000 under HTS 8536 on entry 123. After twelve months, the actual value attributable to the HTS 9802 exemption was determined to be \$2,000. Since HTS 9802 increased by \$1,000, the importer must connect the respective change in value to the dutiable HTS (in this example, HTS 8536). Therefore, the summarized line item data spreadsheet should indicate a reconciled value of \$2,000 under HTS 9802 and \$9,000 under HTS 8536. (See Appendix B for more examples.)

c. Statements Required for NAFTA/US-CFTA Reconciliations

Written notices containing the information described below are required—as applicable—for all 520(d) NAFTA claims and must appear on the Reconciliation of NAFTA eligibility. These notices are to be blanket statements pertaining to the entire Reconciliation as an entry, so one copy per Reconciliation will suffice. The statements may be provided as a text box within the spreadsheet or on paper submitted with the Reconciliation header/cover sheet.

- A declaration that the good qualified as an originating good at the time of importation and setting forth the number and date of the (Reconciliation) entry covering the good.
- Notification that the importer of the good did or did not provide a copy of the entry summary or equivalent documentation to any other person. If such documentation was provided, the statement must identify each recipient by name, CBP identification number, and address, and must specify the date on which the documentation was provided.
- A statement indicating whether the importer of the good is aware of any claim for refund, waiver, or reduction of duties relating to the good within the meaning of NAFTA Article 303. If the importer is aware of any such claim, the statement must identify each claim by number and date, and must identify the person who made the claim by name, CBP identification number, and address.
- Notification of whether any person has filed a protest or a petition or request for reliquidation relating to the good under any provision of law; if any action has been filed, the statement shall identify it by number and date.

4. Payment Methodologies and Physical Submission of Reconciliation

If the Reconciliation results in additional monies due CBP, payment may be made by any of the methods used for other entries—check, statement, or automated clearinghouse (ACH). Automated methods are preferable because they allow the filer to choose the actual payment date, which is helpful in calculating interest. In contrast, payments made by check are credited only when processed by CBP; the date of processing cannot be predicted, especially if the check is mailed. Also, check payments are more vulnerable to being lost in handling than are automated payments. If automated payments are used, Reconciliation payments should be made separately from other entries and payments to CBP.

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Whether Reconciliations are sent by mail or courier, or are hand delivered, each Reconciliation packet should contain the following:

- Cover sheet with filer's point of contact in case of technical difficulties, and team number of relevant commodity specialist team (if known). This cover sheet should include point of contact information for both the filer and the importer of record, complete with email address and phone numbers of the relevant parties.
- Printout of Reconciliation header file (in triplicate if Reconciliation is filed with payment)
- Check or printout of automated statement One CD copy of summarized line item data spreadsheet (if changes are being made). CDs must be labeled with Reconciliation entry number, importer of record number (generally the IRS Tax Identification number), and the calendar year or years of release covered by the Reconciliation spreadsheet contained on the CD.
- One printed copy of summarized line item data spreadsheet (unless waived by processing port)

Any written statements that are applicable to the Reconciliation, such as those required for 520(d) claims (Remember - if no spreadsheet is being submitted, a statement to that effect should be included in the Reconciliation package.)

****A CD that is unreadable or contains viruses will not be accepted and the Reconciliation will be rejected.****

5. Recordkeeping Requirements

Auditable and verifiable financial records must be the basis for any Reconciliation. Accordingly, the importer is required to maintain all records to support the Reconciliation in compliance with CBP record keeping policies. For audit purposes, the importer must also maintain a system of records that links the data in the Reconciliation with the importer's books and records. This documentation is not to be filed with a Reconciliation, but must be available to CBP upon request. Additionally, importers must work with their brokers to keep detailed records of entries flagged. See Requesting Flagged Entry Reports on page 15.

For example, CBP may, for verification purposes, ask the importer to break down a certain HTSUS/country-of-origin line by part number, contract number, and so on, and provide the documentation to support the change made at that level. The importer will have to track the adjustment to the entry if requested by CBP. Census may, in certain circumstances, request that the yearly change for a given HTSUS/country of origin/SPI be broken down to quarterly adjustments in order to capture seasonal fluctuations. The importer must clearly document how the information in the Reconciliation was derived. Supporting documents may include, but are not limited to, the following:

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- CBP Form 247—Cost Submission
- Detailed line-level spreadsheets
- Landed cost analysis spreadsheets
- Invoices, purchase orders, and contracts
- Documents supporting apportionment of assists in accordance with 19 CFR 152.103(e)

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D. Payments/Refunds

All duties, taxes, and fees owed by the importer must be deposited via check or ACH at the time of *filing* the Reconciliation. Payments must include all interest due. Because the Reconciliation (type 09) is legally an entry summary, the normal ten-day window (between entry date and summary date) to pay duties does not apply.

If the Reconciliation is to be paid via automated statement, the data can be transmitted up to ninety days in advance; therefore, the payment due date can be estimated that far in advance. Once the payment due date is reached, the statement must be paid. As long as the payment due date is less than or equal to the Reconciliation filing date and both dates are within the fifteen-month deadline, the Reconciliation will be considered on time.

Refunds that result from a Reconciliation will be issued by CBP within thirty days of the Reconciliation's liquidation. Any interest owed the importer will be included in the refund check. A single refund check will be issued per Reconciliation.

1. Taxes and Fees

The ACS Reconciliation Prototype has changed certain procedures for determining fees. For Entry-by-Entry Reconciliations, all taxes and fees on each entry summary must be adjusted to show the correct amount for that entry summary.

On Aggregate Reconciliations, since monetary changes to individual entry summaries are not reported, adjustments to taxes and fees are reported on the summarized line item data spreadsheet, as follows:

- Taxes and fees applied to individual commodities (e.g., cotton fee, beef fee) will be adjusted by multiplying any increase in dutiable value by the rate associated with the tariff number for the product in question.
- For Harbor Maintenance Tax (HMT), the importer is responsible for determining and declaring the amount owed, based on any increase in dutiable value, for those products that were subject to HMT at the time of original entry summary.
- For the Merchandise Processing Fee (MPF), the importer is responsible for determining and declaring the proper fee due, based on any increase in dutiable value, at the MPF rate applied to the product at the time of filing the original entry summary. Because there is a maximum assessment of MPF for entry summaries, CBP will use the following formula to set the *maximum* MPF due on an Aggregate Reconciliation:

$$(\$485 \times \text{number of entries covered by the Reconciliation that were subject to the MPF}) \text{ minus the amount of MPF already paid on those same entries when original entry summary was filed}$$

The maximum MPF is not necessarily what CBP will require as payment. The formula is used to protect importers who have already paid maximum or near-maximum amounts of MPF on underlying entry summaries. Therefore, importers may either calculate MPF using this formula or calculate MPF on an individual entry basis and prorate the change in MPF through the affected lines. CBP may request the MPF calculation from the importer. Importers may

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discover slight differences in reconciled MPF amounts when they compare MPF calculations for an Aggregate Reconciliation versus an Entry-by-Entry Reconciliation.

SUMMARY OF HOW TO COMPUTE TAXES AND FEES UNDER EACH TYPE OF RECONCILIATION		
TAXES AND FEES	AGGREGATE	ENTRY-BY-ENTRY
Harbor Maintenance Tax (HMT)	Dutiable Value Increase X HMT (0.125%)	On an individual entry basis.
Merchandise Processing Fee (MPF)	\$485 x (# of entries) Minus (total MPF originally paid) -OR- On an individual entry basis.	On an individual entry basis.

2. Determining Interest Due

Interest accrues on all Reconciliations that involve monetary adjustments, whether they are increases or decreases in duties, taxes, and fees. As mentioned, filers must include interest due CBP when filing the associated Reconciliation, and CBP will pay interest due importers upon liquidation of the Reconciliation.

Importers are required to determine the appropriate amount of interest due. Pursuant to 19 USC 1505(c), CBP uses the Internal Revenue Service (IRS) interest rates, published quarterly, to compute the accrual of interest applicable to ordinary entries and Reconciliations. When calculating underpayments of duties, taxes, and fees, the interest rate that was in effect at the time the duties were due for deposit must be used in applying the interest formula. For your convenience, the IRS quarterly interest rates, the actual interest formula, and illustrative examples are posted on the Reconciliation web site (www.customs.gov/recon).

a. Interest Due on Entry-by-Entry Reconciliations

Under Entry-by-Entry Reconciliations, the importer must calculate the interest amount due for each entry summary and report these adjustments via the association file. Specifically, interest accrues on underpayments from the date the original duties are required to be deposited to the date the Reconciliation is filed with payment. Interest accrues on overpayments from the date duties are deposited on the entry to the date of (re)liquidation of the Reconciliation.

b. Interest Due Customs on Aggregate Reconciliations

Under Aggregate Reconciliations, the importer must calculate the total amount of interest due using a midpoint date. Specifically, the interest will be calculated from the middle point of the period covered to the filing date of the Aggregate Reconciliation.

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Example: An Aggregate Reconciliation filed on February 1, 2004, covering the period of January 1, 2003, through December 31, 2003, results in \$10,000 increased revenue due CBP. Interest is accrued from the midpoint date of July 1, 2003, through February 1, 2004, and is calculated on the principal amount of \$10,000.

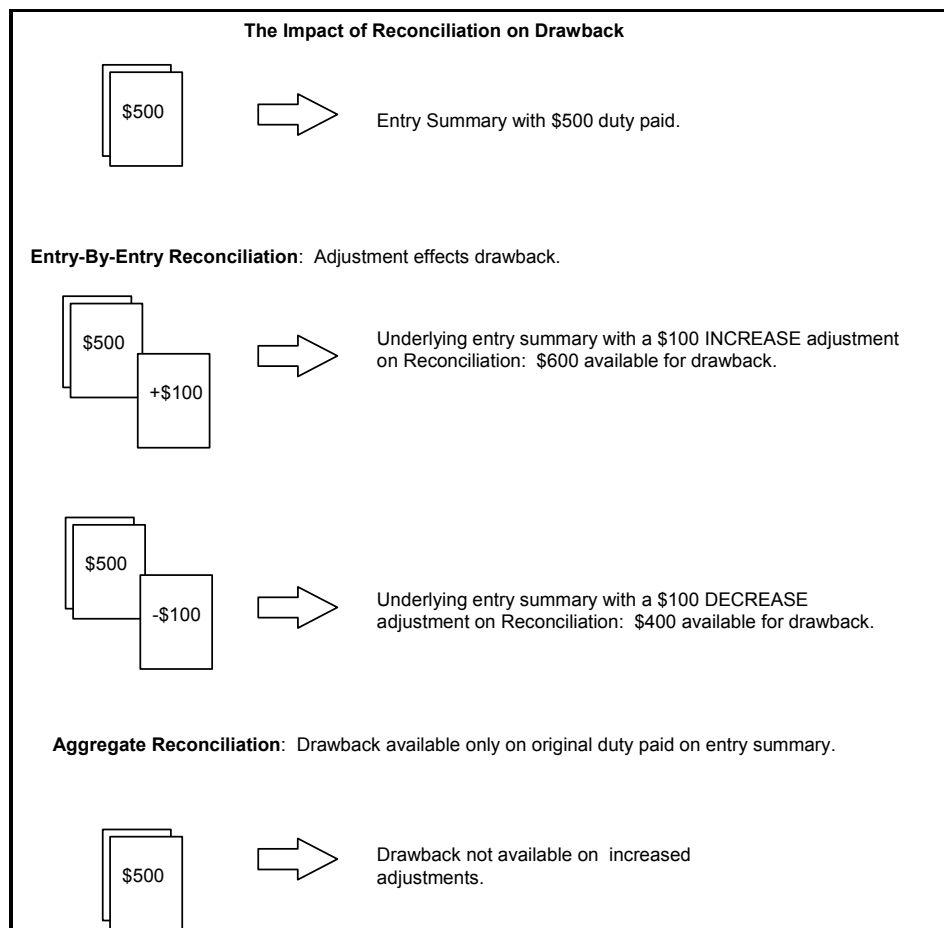
	Entry-By-Entry		Aggregate	
Interest Questions	For Increases (Interest Due)	For Decreases (Interest refund)	For Increases (Interest Due)	For Decreases (Interest refund)
May the <u>Midpoint</u> interest calculation be used?	NO. Required to use entry-by-entry calculation based on the monetary changes and dates associated with each underlying entry summary.	NO. Required to use entry-by-entry calculation based on the monetary changes and dates associated with each underlying entry summary.	YES. Required to use midpoint based on the entire amount of adjusted revenue as if they had been done on the midpoint date of the period covered.	Not Applicable. Aggregate may NOT be used for decreases unless the importer chooses to waive all refunds.
May the <u>entry-by-entry</u> interest calculation be used?	YES. Required.	YES. Required.	NO. Midpoint must be used.	Not Applicable. Aggregate may NOT be used for decreases unless the importer chooses to waive all refunds.
What dates are used to compute accrued interest?	From the date duties are due on the entry to the date the reconciliation is filed w/ payment.	From the date duties are deposited on the entry to the date of (re)liquidation. For NAFTA/US-CFTA: from the Reconciliation filing date to the liquidation date of the Reconciliation.	From the midpoint date of the period covered to the date the reconciliation is filed w/ payment.	Not Applicable. Aggregate may NOT be used for decreases unless the importer chooses to waive all refunds.
Who does the actual interest computation?	Importer/Filer	CBP	Importer/Filer	Not Applicable. Aggregate may NOT be used for decreases unless the importer chooses to waive all refunds.

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3. Impact on Drawback

CBP will accept no drawback claims on underlying entries until the open Reconciliation flags have been resolved. After the Reconciliation has been filed, drawback may be claimed against the underlying entries and, if appropriate, the reconciled increase on an Entry-by-Entry Reconciliation. In the case of a drawback claim and a Reconciliation refund against the same underlying entries, the importer is responsible for ensuring that a claim for a refund in excess of the duties paid is not filed with CBP and for substantiating how the drawback and Reconciliation refund requests apply to different merchandise.

Drawback is paid on a per-entry basis; therefore, reconciled adjustments filed with aggregate data are not eligible for drawback. As the adjustment made pursuant to an Aggregate Reconciliation is not connected to specific entry summaries, it would be impossible for CBP to ensure that those duties were indeed entitled to drawback, and/or that the duty for which the drawback was claimed had not been previously refunded on the underlying entry summaries.



Example: If the duty paid on the underlying entry summary is \$500 and the overall reconciliation increase adjustment is \$100, the \$500 is eligible for a drawback refund. The \$100 is not eligible for a drawback refund. By opting to file an Aggregate Reconciliation, all participants understand that they waive their ability to claim a drawback or transfer drawback rights for the monies paid on an Aggregate Reconciliation.

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E. Filing Locations

Certain ports are established as Reconciliation processing ports. While underlying entries may be filed at any port, the Reconciliation must be filed at the processing port assigned to the importer by CBP.

For purposes of filing the Reconciliation at the processing port, the broker permit requirement is suspended. (Contact your ABI representative for details.) This suspension pertains only to filing entry types 09—Reconciliation—entries, and not to any other CBP business transacted by brokers.

The ABI transmission of the Reconciliation must reflect the appropriate processing port and respective Reconciliation team on the header record. The filer should also submit a hard copy (i.e., screen print) of the header record, including remarks, as a cover sheet for the entire Reconciliation package.

The thirteen designated processing ports and team numbers appear in Appendix D.

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F. CBP Acceptance and Processing

CBP will process Reconciliations as any other entry and according to the exceptions contained in this guidebook. Upon review and acceptance of the finalized data, CBP will schedule the Reconciliation entry for liquidation after ensuring the data submitted by the filer meets the requirements described below.

For an Entry-by-Entry Reconciliation, the following amounts should be reported for original duties and taxes:

- If the entry is liquidated, the liquidated amount
- If the entry is not liquidated, the paid/deposited amount

If there is a discrepancy between the underlying entry amount transmitted by the filer and the amount calculated by CBP, CBP will work with the filer to resolve the discrepancy. This may involve requesting copies of cash receipts if supplemental duties were deposited on the underlying entries.

Data contained within the Reconciliation will be handled, controlled, and safeguarded in accordance with the Trade Secrets Act of 1979.

1. Liquidation of Reconciliations

The liquidation of the Reconciliation will be posted to the Bulletin Notice of Liquidation. On matters of dispute, the importer may follow normal protest procedures (pursuant to 19 USC 1514) with regard to any decision pertaining to the liquidation of the Reconciliation.

a. Extension of Reconciliation Liquidation

Liquidation of a Reconciliation may be extended for value, 9802, or classification if the importer can substantiate why the outstanding information is not available at the time of the Reconciliation filing deadline or upon CBP initiative. In this case, the Reconciliation must still be submitted, again with the filer's best estimate of the correct data and with any additional duties, taxes, and fees deposited. CBP recognizes that the best estimate may already have been presented on the underlying entry summaries. However, because of the complex nature of filing and rejecting Reconciliations, it is strongly recommended that importers request extensions *only* in extreme cases. Each request for extension will be evaluated and granted by CBP on a case-by-case basis. These requests are governed by 19 CFR 159.12(a)(ii). When such extension is requested, it should be done via a written request provided with the filing of the Reconciliation, and such request should describe the situation in order to show good cause. Include estimated time frame to supply information.

b. Retransmission of Adjusted Reconciliations

If an importer has been granted an extension and later finalizes the Reconciliation, the CBP processing port must be notified in order to reject the 09 (i.e., "best estimate") Reconciliation originally filed. The importer will then retransmit the adjusted Reconciliation. If differences occurred, the complete summarized line item data spreadsheet must be submitted to replace the original spreadsheet. Any additional monies resulting from a retransmitted Reconciliation must be paid via check.

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Example: A Reconciliation is filed on time with a request for extension pending unresolved data. The data are finally resolved and the importer prepares an adjusted Reconciliation. How should the importer submit the adjusted Reconciliation?

If the original Reconciliation was filed as a no change: The original Reconciliation would have consisted of a header and association file without the summarized line item data spreadsheet. The filer would need to contact the processing port and request a reject on the original Reconciliation, after which the adjusted Reconciliation would be retransmitted and a complete spreadsheet provided. Any payments must be paid via check.

If the original Reconciliation was filed as a decrease (Entry-by-Entry) or increase (Aggregate): The original Reconciliation would have consisted of all three components. The filer would need to retransmit (after reject) the adjusted Reconciliation, including the complete adjusted spreadsheet. If the importer submitted an Aggregate Reconciliation with payment, then retransmitted an adjusted Reconciliation requesting a reduction in the amounts that were paid on the original Reconciliation, the adjusted document may still be filed as an Aggregate. However, if the importer filed originally as an Aggregate and retransmitted requesting a refund on the amount paid at time of summary, the retransmitted Reconciliation must be filed as an Entry-by-Entry Reconciliation in order for the importer to claim the refund.

c. Extensions on Continuing Unresolved Classification Issues

For those cases in which classification issues remain unresolved beyond the fifteen-month filing limit (e.g., an ongoing court case), a Reconciliation must still be filed before the deadline and the importer must notify the CBP processing port team that the classification issue remains open. Depending on the circumstances of the issue, the classification Reconciliation may be handled in one of two ways:

- CBP may extend the liquidation of the classification Reconciliation until the matter is resolved, then liquidate as appropriate.
- CBP may liquidate the Classification Reconciliation in accordance with the contested classification. Within ninety days, the importer may file a protest against CBP decision to liquidate the reconciliation. This protest may then be suspended against the issue in question.

d. Extensions on NAFTA/US-CFTA 520(d) Reconciliations

Importers may *not* extend NAFTA/US-CFTA 520(d) Reconciliations beyond the twelfth month from date of importation. This twelve-month period allowed for claiming NAFTA/US-CFTA preference is the same as for 520(d) claims.

e. Liquidation

After CBP has reviewed the Reconciliation and decided to liquidate it, the liquidation will take place within two weeks, similar to “change” liquidations of regular entry summaries. This two-week time frame applies, whether or not the Reconciliation is liquidated with changes. The 314-day liquidation cycle applicable to regular entry summaries does *not* apply to the Reconciliation Prototype.

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2. Rejection of Reconciliations

CBP will reject Reconciliations for any changes that need to be made. If a Reconciliation is rejected and retransmitted, the filer *must* pay any additional money by check. Payments via automated statement will not be accepted.

If the Reconciliation is transmitted complete—that is, no additional documents are required—CBP has thirty days to review and reject it.

Any time a Reconciliation is rejected prior to the twelve/fifteen-month deadline, the importer has the remainder of the twelve/fifteen months or thirty days to resubmit, whichever is greater. If the deadline has expired, the importer has only thirty days to resubmit the rejected Reconciliation.

If additional documents are required, CBP will request them via a CF 28, and the importer will again have thirty days to provide the requested documentation. Once the additional documentation is received, CBP will review the submission within ninety days.

If two Reconciliations are filed for the same underlying entry, the second Reconciliation must be filed taking into account changes made to the entry via the first. If the first Reconciliation is in reject status at the time the second is filed, the filer should notify CBP of this fact via the Reconciliation's comments field. Also, if the filer has not updated the second Reconciliation to correct the problems or omissions that caused the first to be rejected, CBP will reject the second as well, so that the filer can make the necessary updates.

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III. Appendices

Appendix A. Acronyms and Definitions

ABI

Automated Broker Interface. A computerized system that expedites the release of merchandise for the trade community. Entry summaries are electronically transmitted, validated, confirmed, corrected, and paid.

Absolute Increases

The principle by which changes or adjustments between line items on a given entry covered by the Reconciliation result in an increase or no change in duties, taxes, and fees to the entry as a whole. That is, regardless of decreases on individual lines on entry A, if the whole change for entry A resulted in an increase, the increase is absolute. On the other hand, where entries A and B are covered by a Reconciliation, the Reconciliation would have an absolute increase if both entries have increases or no changes. But if A increased and B decreased, even if A's increase is greater than B's decrease, this is *not* an absolute increase. (See Netting, below.) Only absolute increases are eligible for Aggregate Reconciliations.

ACE

Automated Commercial Environment. A system under development to support the new Trade Compliance process. ACE will enable process flow and information sharing within CBP and facilitate communication among CBP, accounts, and other government agencies.

ACH

Automated Clearinghouse. A computerized funds transfer system that enables firms to pay duties electronically. Companies authorize Customs to notify a specific Treasury-designated ACH processor to charge a firm's bank account for a specific payment amount. The payment is then electronically credited to the U.S. Treasury Department account. The debit to the payer's account will occur no sooner than the second business day following the accepted payment date. This process requires no collection input by the cashier.

ACS

Automated Commercial System. The electronic system used by Customs to track, control, and process all commercial goods imported into the United States. ACS facilitates merchandise processing, significantly cuts costs, and reduces paperwork requirements for both Customs and the trade community.

ADD

Anti-Dumping Duty. Duties on imported merchandise of a class or kind that is sold to purchasers in the United States at a price less than fair market value. Fair market value of merchandise is the price at which it is normally sold in the manufacturer's home market.

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Aggregate Reconciliation

A Reconciliation filed with summarized data showing reconciled adjustments at an aggregate level. A list of the affected entries is required, but the revenue change need not be broken out according to individual underlying entries. Aggregate Reconciliations may be used only where all adjustments covered by the Reconciliation result in absolute increases in duties, taxes, and fees. Drawback is not available on the increased/reconciled adjustment.

CBP Form

Customs and Border Protection Form.

CFR

Code of Federal Regulations. The body of general and permanent rules published in the Federal Register by the executive departments and agencies of the federal government. The Code is divided into fifty titles that represent broad areas subject to federal regulation. Each title is divided into chapters that usually bear the name of the issuing agency.

CVD

Countervailing Duties. Monetary assessments that counter the effects of subsidies provided by foreign governments to merchandise that is exported to the United States. These subsidies keep the price of such merchandise artificially low, which causes economic “injury” to U.S. manufacturers.

Entry-by-Entry Reconciliation

A Reconciliation in which the revenue adjustment is specifically provided for each affected entry summary.

Flagging Entries for Reconciliation

Alerting Customs that an entry summary is subject to reconciliation for a defined issue(s). Importers can flag individual entry summaries for reconciliation electronically via ABI (entry-by-entry flagging), which puts an indicator on each entry to be reconciled, or via a written letter that specifies a time period and issue for reconciliation (blanket application), in which case Customs puts an electronic indicator on *all* entries for that period.

FTZ

Foreign Trade Zone. A restricted access site in or adjacent to a Customs port of entry. An FTZ is operated pursuant to public utility principles under the sponsorship of a corporation granted authority by the Foreign Trade Zone Board and under supervision of the U.S. Customs Service. For purposes of tariff laws and Customs entry procedures, zones are treated as being outside the Customs territory of the United States. Under FTZ procedures, foreign and domestic merchandise may be admitted into zones for operations such as storage, exhibition, assembly, manufacture, and processing without being subject to formal Customs entry procedures and payment of duties, unless and until the foreign merchandise enters Customs territory for domestic consumption.

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HMT

Harbor Maintenance Tax. A port use tax levied on imported cargo, Foreign Trade Zone admissions, passenger movements, and domestic shipments. Upon importation, commercial cargo loaded onto or unloaded from a commercial vessel is subject to a port use tax of 0.125 percent (.00125) of its value if the loading or unloading occurs at a port within the definition of 19 CFR 24.24.

HTSUS

Harmonized Tariff Schedule of the United States. Specification of the duty requirements and exemptions pertaining to goods imported into Customs territory and all vessel equipment, parts, materials, and repairs, as covered by the provisions of subchapter XVIII to chapter 98 of this schedule and prescribed in general notes 3 through 14 and general note 16.

Mod Act

Modernization Act (Title VI of the NAFTA Implementation Act). Established the National Customs Automation Program (NCAP).

MPF

Merchandise Processing Fee. A fee assessed for the processing of merchandise that is formally entered or released during any fiscal year. Currently, MPF is assessed at 0.21 percent (no MPF is assessed on NAFTA-qualifying merchandise from Mexico or Canada) of the dutiable value of the imported merchandise. There is a minimum fee of \$21.00 and a maximum fee of \$485.00.

NAFTA

North American Free Trade Agreement. A trilateral trade agreement among the countries of Canada, Mexico, and the United States.

NCAP

National Customs Automation Program. An electronic system for processing commercial importations.

NCAP/P

National Customs Automation Program Prototype. The Reconciliation Prototype effort for testing NCAP.

Netting

Situations in which increases *and* decreases result at the end of the reconciliation period. In any netting situation, the importer has the option of filing an Entry-by-Entry Reconciliation to account for both the increases and decreases, or dividing the Reconciliation into two pieces—an Aggregate Reconciliation for the increase and an Entry-by-Entry Reconciliation for the decrease.

Reconciliation

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The process of allowing an importer to identify certain indeterminable information (other than that affecting admissibility) to Customs and to provide the outstanding information at a later date. Reconciliation also refers to the entry on which the outstanding information is provided.

SIL

Supplemental Information Letter. A mechanism for correcting errors to filed entry summaries. Importers can submit SILs regarding errors in issues under administrative review—clerical, classification, and valuation errors, for example—that result in requests for refunds or the submission of additional monies owed prior to liquidation.

SPI

Special Program Indicator. Designation of an entry summary line item as subject to a specific trade program (e.g., MX indicates NAFTA treatment for goods originating in Mexico).

Underlying Entry Summary

A consumption entry summary flagged for reconciliation.

USC

United States Code. Laws enacted by Congress. USC is divided into several segments called titles.

US-CFTA

United States – Chile Free Trade Agreement. A bilateral Trade Agreement between the United States and Chile. Post importation claims are described by 19 USC 1520(d).

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Appendix B.

Examples

1. Header

SAMPLE RECONCILIATION HEADER

***Filer:** MM0 - Miracle Customs Brokerage

Reconciliation Entry Number: MM0-8801108-8

Processing Port: 8801

Commodity Team: 898

Recon. Type: ☐ Entry-by-Entry ☐ Aggregate

Recon. Filing Date: May 5, 2004

Reconciled Issues: Value, Classification, 9802

***Importer:** Durant Motor Corporation

Contact Name: Joe Smith, 202-555-1234

Association Count: 49 entries

Recon. Years: 2003-2004

Importer IRS No: 88-1234567JD

Date of Oldest: ☒ Summary (Value, Class., 9802) 10/1/2003
☐ Import Date (NAFTA) _____

Total Deposited Amounts on Underlying Entry Summaries:

Duty (001)	\$3,422,020.63
MPF (499)	\$ 23,762.00
HMF (501)	\$ 82,942.86

Total Reconciled Amounts for Underlying Entry Summaries:

Duty (001)	\$3,551,107.78
MPF (499)	\$ 23,762.00
HMF (501)	\$ 85,810.20

Total Amounts Paid with the Filing of this Reconciliation:

Duty (001)	\$129,087.21
MPF (499)	\$ 0
HMF (501)	\$ 2,867.34
INTEREST	\$ 11,601.42

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2. Association File

The association file for Aggregate Reconciliations will contain a list of entry numbers and the port codes for the ports at which the entries were filed. The association file for Entry-by-Entry Reconciliations will contain this same information as well as original and reconciled amounts for all duties, taxes, and fees, broken out by collection class code.

Sample Association File for Aggregate Reconciliation

Entry Num	Port Code	Entry Num	Port Code
MM-07913919-4	3301	MM0-7943550-1	4501
MM0-7914695-6	3001	MM0-7944782-5	4601
MM0-7916489-2	2904	MM0-7945470-5	5201
MM0-7916747-5	3001	MM0-7947187-5	1101
MM0-7920503-7	2704	MM0-7947648-0	1701
MM0-7920978-9	2809	MM0-7948972-0	2604
MM0-7922432-6	4701	MM0-7949675-7	2809
MM0-7922531-6	0712	MM0-7951306-9	2904
MM0-7923165-9	4101	MM0-7951937-3	3001
MM0-7923369-5	0401	MM07953106-9	3002
MM0-7924173-3	1101	MM0-7954607-5	3301
MM0-7924692-2	1701	MM0-7954819-5	3601
MM0-7924886-9	2809	MM0-7956015-9	4101
MM0-7925180-5	5204	MM0—795638-9	4501
MM0-7926959-3	3301	MM0-7956890-4	4601
MM0-7931822-0	1101	MM0-7957108-3	5201
MM0-7933523-8	1701	MM0-7957315-4	1001
MM0-7933824-2	2604	MM0-7957599-0	4601
MM0-7935697-7	2809	MM0-7957694-7	2709
MM0-7936691-0	2904	MM0-7957973-5	1301
MM0-7936861-7	3001	MM0-7958561-7	2305
MM0-7936886-5	3002	MM0-7958632-0	2704
MM0-7940815-4	3301	MM0-7958791-2	2809
MM0-7941030-6	3601	MM0-7958805-3	2904
MM0-7941623-0	4101		

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3. Summarized Line Item Data Spreadsheet

The spreadsheet will not be transmitted via ABI; instead, it will be forwarded to Customs as a CD, using generic text delimited format or Excel format, and one hard copy. The spreadsheet should reflect the reported changes at the macro level, broken out for each combination of calendar year of release, SPI, HTS number, and country of origin. The columns showing duty and value changes must match the format presented in this book and the Federal Register. Aside from these requirements, the spreadsheet may be organized or further broken out (for example showing different fee changes) according to the importer's needs. The 'Port' field should always be reported, either with the specific port code for that tariff line or if more than two ports with the word 'ALL' ports. Customs goals in this matter are to have the data resemble the importer's accounting records as closely as possible, for the convenience of the importer and ease of review for Customs. Participants are encouraged to utilize communication tools, such as text boxes, to report any unusual or confusing data.

A sample summarized line item data spreadsheet appears later in Appendix B.

1. Classification Requirements

Reconciliations for classification must include the data elements of quantity and port(s). (The ports may be reported using the first two digits; for example, port 4601 = 46.) If "ALL" is indicated in the port column, the change provided by that line applies to all ports in which the importer entered the subject merchandise.

2. HTSUS 9802 Data Requirements

Reconciliations closing any HTSUS 9802 issues must contain the port(s) covered (again, ports may be reported using the first two digits) and a link between the original data submitted and the reconciled data. The shift in value for both the HTSUS chapter 1-97 provision and for the HTSUS Heading 9802 provision needs to be captured. Should the HTSUS Heading 9802 change result in a decrease in duties, taxes, and fees, the Reconciliation must be filed as an Entry-by-Entry Reconciliation.

ACS RECONCILIATION PROTOTYPE: A Guide to Compliance

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DURANT MOTOR CORP. -- AGGREGATE RECONCILIATION
PERIOD: 10/1/2003 THRU 3/31/2004; Recon Entry No. MMO-1234567-8

Rec.Line	Cal.Year	Reason	Port	Origin	Original SPI	Rec. SPI	HTS	Original Quantity	Rec. Quantity	Original Value	Reconciled Value	Additional Value	Original Duty	Rec. Duty	Duty Change*
1	2003	Royalty	All	JP			4011101000			\$16,300,451	\$16,544,958	\$244,507	4.00%	4.00%	\$9,780.28
2	2004	Royalty	All	JP			4011101000			\$5,751,916	\$5,838,195	\$86,279	4.00%	4.00%	\$3,451.16
3	2003	Assist	All	MX	MX	MX	5704900090			\$685,231	\$721,548	\$36,317	2.60%	2.60%	\$944.24
4	2004	Assist	46	MX	MX	MX	5704900090			\$623,966	\$657,036	\$33,070	2.60%	2.60%	\$859.82
5	2003	R&D	46	KR			7007110010			\$3,201,101	\$4,601,298	\$1,400,197	5.60%	5.60%	\$78,411.03
6	2004	R&D	46	KR			7007110010			\$2,604,538	\$3,015,562	\$411,024	5.60%	5.60%	\$23,017.34
7	2003	9802	All	US			9802008065			\$7,801,810	\$6,943,611	(\$858,199)	0.00%	0.00%	\$0.00
7a	2003	9802	All	DE			8421394000			\$4,001,201	\$4,859,400	\$858,199	0.80%	0.80%	\$6,865.59
8	2004	9802	All	US			9802008065			\$6,537,984	\$5,818,806	(\$719,178)	0.00%	0.00%	\$0.00
8a	2004	9802	All	DE			8421394000			\$3,549,751	\$4,269,469	\$719,718	0.80%	0.80%	\$5,757.74
9	2003	Assist	46	EG	A	A	8804000000			\$961,000	\$1,037,880	\$76,880	0.00%	0.00%	\$0.00
10	2004	Assist	46	EG	A	A	8804000000			\$63,250	\$68,310	\$5,060	0.00%	0.00%	\$0.00
11a	2003	Class.	46	JP			4011105000	10000	2000	\$160,000	\$32,000	(\$128,000)	3.60%	3.60%	(\$4,608.00)
11b	2003	Class.	46	JP			4011101000	0	8000	\$0	\$128,000	\$128,000	4.00%	4.00%	\$5,120.00

* Duties, Taxes & Fees must be individually broken out for each Rec. line.

**TOTAL
ADJUSTMENT**

ACS RECONCILIATION PROTOTYPE: A Guide to Compliance

NAFTA Line Item Spreadsheet

Durant Motor Corp.
IR 10-1234567-00
ABC-123456789

RECONCILIATION DETAILS - LINE ITEM FILE
PERIOD: 1/1/2004 THRU 9/30/2004

Rec. Line	Cal. Year	Reason	Port	Origin	Original SPI	Rec SPI	HTS	Original Quant.	Rec. Quant.	Original Value	Reconciled Value	Difference in Value	Original Duty	Rec. Duty	Duty Change*	MPF Change*	HMF Change*	
1	2004	NAFTA		MX		MX	8544300000			\$75,231	\$75,231	\$0.00	5.00%	0.00%	(\$3,761.54)	(\$157.99)	\$0.00	
2	2004	NAFTA		MX		MX	8544300000			\$54,364	\$54,364	\$0.00	5.00%	0.00%	(\$2,718.20)	(\$114.16)	\$0.00	
3A	2004	NAFTA		MX			8536908030			\$17,439	\$10,000	(\$7,438.59)	2.70%	0.00%	(\$200.84)	(\$15.21)	\$0.00	
3B	2004	NAFTA				MX	8536908030			\$0	\$7,439	\$7,439.59	0.00%	0.00%	\$0.00	\$0.00	\$0.00	
4	2004	NAFTA		MX		MX	8536908030			\$83,420	\$83,420	\$0.00	2.70%	0.00%	(\$2,252.33)	(\$175.18)	\$0.00	
* Duties, Taxes & All Fees must be individually broken out for each Rec. line.																(\$8,932.91)	(\$462.54)	\$0.00

ACS RECONCILIATION PROTOTYPE: A Guide to Compliance

3. Sample Spreadsheet for Aggregate Decreases

Below is an example of an Aggregate Reconciliation spreadsheet where increases and decreases are reported in separate sections. The downward adjustments are reported but not calculated in the Reconciliation Adjustment.

[illegible]

ACS RECONCILIATION PROTOTYPE: A Guide to Compliance

4. Flagged Entry Report Examples

U. S. CUSTOMS SERVICE LIQUIDATION EXTRACT REPORT IMPORTER EXTRACT FOR FY 2000															PAGE 1		
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ACS RECONCILIATION PROTOTYPE: A Guide to Compliance

1 REPORT ACSR-CL-050

PAGE 2

REQUESTED BY

UNITED STATES CUSTOMS SERVICE
AUTOMATED COMMERCIAL SYSTEM
OPEN BILLS AND UNLIQUIDATED ENTRIES
BY IMPORTER

RUN TIME 21:00:17
RUN DATE 04/09/01

0 88-1234567BD
REG 0
DIST 99
PORT 00
NATIONAL FINANCE CENTER
DURANT ENGINE INC.
1300 STREET

Importer Number

VT 10888

0 NO OPEN ACCOUNTS RECEIVABLE
- NO UNLIQUIDATED FORMAL ENTRIES

1 REPORT ACSR-CL-050

PAGE 3

REQUESTED BY

UNITED STATES CUSTOMS SERVICE
AUTOMATED COMMERCIAL SYSTEM
OPEN BILLS AND UNLIQUIDATED ENTRIES
BY IMPORTER

RUN TIME 21:00:17
RUN DATE 04/09/01

0 88-1234567JD
REG 0
DIST 99
PORT 00
NATIONAL FINANCE CENTER
DURANT MOTOR CORPORATION
8888 EIGHTH STREET

Reconciliation
Indicator

VT 10888

0 NO OPEN ACCOUNTS RECEIVABLE
- UNLIQUIDATED FORMAL ENTRIES

ACME AIRWAYS	PORT	ENTRY NUMBER	DATE	TYPE	SURETY	EST.	DUTY	EST.TAX	DUTY PAID	TAX PAID	FEES PAID	REC
TAZ COURIER		MM079513069	01-29-01	CONS	AOK		0.00	0.00	0.00	0.00	0.00	
TAZ COURIER		MM079519373	09-08-00	CONS	AOK		0.00	0.00	0.00	0.00	0.00	
HIGHGATE, VT		MM079519373	09-15-00	CONS	AOK		0.00	0.00	0.00	0.00	0.00	
HIGHGATE, VT		MM079531069	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	123.20	VAL
HIGHGATE, VT		MM079546075	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	112.67	VAL
HIGHGATE, VT		MM079548195	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	120.90	VAL
HIGHGATE, VT		MM079560159	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	114.26	VAL
HIGHGATE, VT		MM079568904	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	127.32	VAL
HIGHGATE, VT		MM079571083	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	123.17	VAL
HIGHGATE, VT		MM079573154	05-30-00	CONS	AOK		0.00	0.00	0.00	0.00	116.71	VAL
HIGHGATE, VT		MM079575990	05-31-00	CONS	AOK		0.00	0.00	0.00	0.00	112.79	VAL
HIGHGATE, VT		MM079576947	05-31-00	CONS	AOK		0.00	0.00	0.00	0.00	129.57	VAL
HIGHGATE, VT		MM079579735	05-31-00	CONS	AOK		0.00	0.00	0.00	0.00	130.57	VAL

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Appendix C. Frequently Asked Questions

Q: How do I tell Customs of my intention to reconcile?

A: There are two options: you may use either an individual entry flag or a blanket flag.

1. The individual flag is submitted electronically as part of the ABI header transmission of an entry summary. This flag identifies the indeterminable issue(s) subject to reconciliation. (Technical information on the ABI transmission is available on the Customs web site, at www.customs.gov/recon.)
2. The blanket flag is a written application for reconciliation submitted to Customs. It must specify the importer-of-record number, the period of time involved, and the indeterminable issue(s) subject to reconciliation. Customs then generates an electronic flag for *all* entry summaries filed within the specified scope. Should an importer wish to flag for reconciliation at a more detailed level (e.g., importer, time period, HTS), the blanket flag is not an option and the entries should be flagged on an entry-by-entry basis. The blanket flag must be received by Customs no later than seven working days prior to transmission of the first entry summary subject to the Reconciliation.

Q: What are the options for filing a Reconciliation?

A: Entry-by-Entry Reconciliation is available for increases and decreases. This option allows the filer to retain drawback privileges on both the underlying entries and the reconciled adjustment.

Aggregate Reconciliation may be used for increases or no-change reconciliations. Under this option, the filer retains drawback on underlying entries and waives drawback on the increased adjustment.

Q: May I file a Reconciliation for an aggregate decrease?

A. Yes, but you must waive all refunds resulting from the decrease. The decrease is reported *only* on the summarized line item data spreadsheet but is not calculated in the total Reconciliation adjustment. The adjustment on the header page and ABI transmission would show zeros. Customs must have financial safeguards to ensure that it does not refund more than is due. Refunds resulting from change liquidations, drawback, and so on are paid on an entry-by-entry basis. A refund from an Aggregate Reconciliation would not be associated with any entry, so Customs couldn't track whether it had already refunded money for a given entry.

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Q: How are my drawback privileges affected by Reconciliation?

A: Drawback claims are not accepted on any entry that has been flagged for reconciliation until the Reconciliation is filed.

- If you file Entry-by-Entry Reconciliation, you have full drawback privileges on both the estimated duties paid at time of summary *and* any increased adjustment resulting from the Reconciliation, once the Reconciliation is filed with duties, taxes, and fees deposited.
- If you file an Aggregate Reconciliation, you have drawback privileges on all underlying entries upon filing the Reconciliation. You can never claim drawback on the additional amount you tender with the Reconciliation. For example, if the entered value on the underlying entry is \$1,000 and the overall Reconciliation increase adjustment is \$10,000, the \$1,000 is eligible for drawback once the Reconciliation is filed. The \$10,000 is not.

Q: Once I start flagging entries, how long do I have before I must file my Reconciliation?

A: Reconciliations for issues of value, 9802, and classification must be filed within fifteen months of the earliest summary date. NAFTA/US-CFTA Reconciliations must be filed within twelve months of the earliest import date.

Q: Do I have to wait until the end of fifteen months to file my Reconciliation?

A: No. That's just the maximum time frame. If you have your data together sooner and want to file your Reconciliation at four months, for example, you may do so.

Q: Can an importer file two separate Reconciliations for the same time period—one for increases and one for decreases?

A: Yes. As mentioned above, NAFTA/US-CFTA Reconciliations have a shorter time frame. They can be submitted separately. As for other issues, two separate Reconciliations may be filed for a time period (i.e., an Aggregate Reconciliation for increases and no-changes, and an Entry-by-Entry Reconciliation for requested refunds). However, a given entry summary must be dealt with only on *one* of the two Reconciliations. The Customs computer system will allow an entry summary to be reconciled *once* for NAFTA/US-CFTA (if NAFTA was a flagged issue) and *once* for everything else (if issues other than 520(d) were flagged).

Q: There are many situations in which the quantity and classification of the merchandise changes after entry, even though I use reasonable care. Why can't reconciliation accommodate this?

A: Classification and quantity are two issues that are closely linked to admissibility. Customs is responsible for determining admissibility and cannot allow data changes that

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occur fifteen months after entry summary to impact its admissibility determinations. In some cases, the value of merchandise can legitimately be indeterminable at time of entry. However, except for those situations (binding ruling request, court action, etc.) in which the construction of law is in question, the physical description and quantity of an item are determinable, as is the actual quantity.

For situations in which classification or quantity does change, the importer is advised to follow the Supplemental Information Letter procedure. (See Appendix F)

Q: How are processing ports assigned?

A: Several factors are taken into consideration when assigning a Reconciliation to a processing port. Workload is one big factor. Other factors Customs considers are the port location where the majority of the entries are filed, the location where the flagged issues exist, the physical location of the company, and the location of the company's Customs account manager.

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Appendix D. Processing Port Addresses

The ACS Reconciliation Prototype is nationwide in scope. Entry summaries filed at any port may be flagged for reconciliation, but the type 09 Reconciliation entry, which provides the reconciled information, must be filed to a Reconciliation processing port. Each importer participating in the prototype is assigned a processing port.

The components of the Reconciliation entry--header and association file--that are sent via ABI should be transmitted using the port code and team code of the importer's designated processing port. Before transmitting the Reconciliation, filers should make sure they know the proper processing port to which the importer has been assigned. The broker port permit requirement is waived for purposes of transmitting the type 09 Reconciliation. Filers who need to transmit a Reconciliation to a port where they do not have a permit should coordinate with their ABI client representatives to ensure they are able to transmit. The non-ABI components of the Reconciliation (e.g., the spreadsheet, CD, and supporting documentation) must be filed directly to the designated processing port. This may be done in person, or the materials may be sent via mail or overnight courier service to the designated address shown below:

BOSTON: Customs and Border Protection 10 Causeway Street, Room 613 Boston, MA 02222 Attn: Entry Branch Recon Desk (617) 565-6156 Port Code: 0401, Team: 1R2	MIAMI: Customs and Border Protection 6601 NW 25 th Street, Room 132 Miami, FL 33102 Attn: Entry Branch Recon Desk (305) 869-2685 Port Code: 5201, Team: 4R1
CHAMPLAIN: Customs and Border Protection 198 West Service Road Champlain, NY 12919 Attn: Entry Branch Recon Desk (518) 298-8331 Port Code: 0712, Team: 1R1	MINNEAPOLIS: Customs and Border Protection 330 2 nd Avenue S., Room 560 Minneapolis, MN 55401 Attn: Entry Branch Recon Desk (612) 348-1690 Port Code: 3501, Team 3R1
DETROIT: Customs and Border Protection 477 Michigan Avenue, Room 205 Detroit, MI 48226 Attn: Entry Branch Recon Desk (313) 442-0256 Port Code: 3801, Team 3RC	NEW YORK: Customs and Border Protection 1100 Raymond Drive Newark, NJ 7102 Attn: Entry Branch Recon Desk (973) 368-6109 Port Code: 1001, Team 2R1

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EL PASO: Customs and Border Protection 3600 E. Paisano Drive, Bldg. B El Paso, TX 79905 Attn: Entry Branch Recon Desk (915) 872-3444 Port Code: 2402, Team: 6R3	NOGALES: Customs and Border Protection 200 N. Mariposa Road Nogales, AZ 85621 Attn: Entry Branch Recon Desk (520) 397-2050 Port Code: 2604, Team 6R4
HOUSTON: Customs and Border Protection 2350 N. Sam Houston Parkway E. Houston, TX 77032 Attn: Entry Branch Recon Desk (281) 985-6803 Port Code: 5301, Team: 6RT	OTAY MESA/SAN DIEGO: Customs and Border Protection 9777 Via De La Amistad, Room 121 San Diego, CA 92154 Attn: Entry Branch Recon Desk (619) 671-8109 Port Code: 2506, Team 7R1
LAREDO: Customs and Border Protection World Trade Bridge 715 Bob Bullock Loop Laredo, TX 78040 Attn: Entry Branch Recon Desk (956) 794-9300 Port Code: 2304, Team: 6R2	PHARR: Customs and Border Protection 9901 South Cage, Suite B Pharr, TX 78577 Attn: Entry Branch Recon Desk (956) 283-2025 Port Code: 2305, Team 6R5
PORTLAND: Customs and Border Protection 8337 NE Alderwood Rd. Portland, OR 97220 Attn: Entry Branch Recon Desk (503) 326-2882 Port Code: 2904, Team 7R2	

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Appendix E. Federal Register Notices

The following Federal Register notices have been published concerning the Reconciliation Prototype.

- **63 FR 6257—February 6, 1998 (replaces previous notices).**
- **63 FR 44303—August 18, 1998 (modifications and clarification).**
- **64 FR 39187—July 21, 1999 (amendments).**
- **64 FR 73121—December 29, 1999 (modifications and clarification).**
- **65 FR 36505—June 8, 2000 (evaluation and request comment)**
- **65 FR 55326—September 13, 2000 (extended prototype indefinitely)**
- **66 FR 14619—March 13, 2001 (modifications)**
- **67 FR 61200 – September 27, 2002 (NAFTA change and national permit required)**
- **67 FR 68238 – November 8, 2002 (Corrections)**
- **69 FR 53730 – September 2, 2004 (US-CFTA and CD requirement)**

Special Request

In order to begin the survey described below in early February 1998, the Department of the Treasury is requesting that the Office of Management and Budget (OMB) review and approve this information collection by February 2, 1998. To obtain a copy of this study, please contact the Internal Revenue Service Clearance Officer at the address listed below.

Internal Revenue Service (IRS)

OMB Number: 1545-1432.

Project Number: M:SP:V 98-002G.

Type of Review: Revision.

Title: Customer Satisfaction Survey System.

Description: This is a direct outgrowth of the mid-October 1997 Senate Finance committee hearings where the conduct of IRS employees was publicly called into question. Both majority and minority members of the committee pointed to State or current IRS functional surveys that solicit such customer feedback, and recommended that the IRS as a whole pursue a similar approach. This survey is designed to solicit responses from taxpayers, their representatives, and other appropriate customers shortly after their case is closed or at the conclusion of their interaction with an IRS employee. The functional areas within IRS included in this survey are: (1) Customer Service, (2) Collection, (3) Examination, (4) Appeals, and (5) Employee Plans and Exempt Organizations (EP/EO).

Respondents: Individuals or households, Business or other for-profit.

Estimated Number of Respondents: 1,784,619.

Estimated Burden Hours Per Response: 4 minutes.

Frequency of Response: Other (one-time only).

Estimated Total Reporting Burden: 118,975 hours.

Clearance Officer: Garrick Shear (202) 622-3869, Internal Revenue Service, Room 5571, 1111 Constitution Avenue, N.W., Washington, DC 20224.

OMB Reviewer: Alexander T. Hunt (202) 395-7860, Office of Management and Budget, Room 10226, New Executive Office Building, Washington, DC 20503.

Lois K. Holland,

Departmental Reports Management Officer.
[FR Doc. 98-2952 Filed 2-5-98; 8:45 am]

BILLING CODE 4830-01-P

DEPARTMENT OF THE TREASURY**Submission for OMB Review;
Comment Request**

January 26, 1998.

The Department of Treasury has submitted the following public information collection requirement(s) to OMB for review and clearance under the Paperwork Reduction Act of 1995, Public Law 104-13. Copies of the submission(s) may be obtained by calling the Treasury Bureau Clearance Officer listed. Comments regarding this information collection should be addressed to the OMB reviewer listed and to the Treasury Department Clearance Officer, Department of the Treasury, Room 2110, 1425 New York Avenue, NW., Washington, DC 20220.

Bureau of Alcohol, Tobacco and Firearms (BATF)

OMB Number: 1512-0092.

Form Number: ATF F 5100.31.

Type of Review: Revision.

Title: Application for Certification/Exemption of Label/Bottle Approval under the Federal Alcohol Administration Act.

Description: The Federal Alcohol Administration Act regulates the labeling of alcoholic beverages and designates the Treasury Department to oversee compliance with regulations. This form is completed by the regulated industry submitted to Treasury as an application to label their products. Treasury oversees label applications to prevent consumer deception and to deter falsification of unfair advertising practices on alcoholic beverages.

Respondents: Business or other for-profit.

Estimated Number of Recordkeepers: 8,624.

Estimated Burden Hours Per Recordkeeper: 30 minutes.

Frequency of Response: Other (3 years).

Estimated Total Recordkeeping Burden: 28,565 hours.

Clearance Officer: Robert N. Hogarth, (202) 927-8930, Bureau of Alcohol, Tobacco and Firearms, Room 3200, 650 Massachusetts Avenue, N.W., Washington, DC 20226.

OMB Reviewer: Alexander T. Hunt, (202) 395-7860, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503.

Lois K. Holland,

Departmental Reports Management Officer.
[FR Doc. 98-2953 Filed 2-5-98; 8:45 am]

BILLING CODE 4810-31-P

DEPARTMENT OF THE TREASURY**Customs Service****Revised National Customs Automation Program Test Regarding Reconciliation**

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: On February 6, 1997, a notice was published in the **Federal Register** announcing a Customs prototype test of reconciliation. A subsequent notice, published in the **Federal Register** on September 30, 1997, announced modifications to the originally planned test. In response to comments received pursuant to that notice and discussions with the trade community, Customs has made further enhancements to the reconciliation prototype. These enhancements include a blanket application option to entry-by-entry flagging and, for Reconciliations involving duties, taxes, or fees due, the option of filing aggregate data for the Reconciliation in lieu of entry-by-entry data. This document serves as a replacement for all previous notices for this prototype, which is known as the ACS Reconciliation Prototype. The changes to the prototype detailed herein do not affect the previously announced start date of October 1, 1998, nor do they affect the policy which makes this prototype the exclusive means to reconcile entries, pursuant to 19 U.S.C. 1484(b).

This document invites public comments concerning any aspect of the planned test, informs interested members of the public of the requirements for voluntary participation, and establishes the process for developing evaluation criteria. This document also serves to open the application period. Certain information, as outlined in this notice, must be filed in an application with Customs prior to an applicant being approved for participation. It is important to note that certain aspects of this prototype may be modified prior to implementation of the final reconciliation program.

EFFECTIVE DATES: The testing period of this prototype will commence no earlier than October 1, 1998, will run for approximately two years, and may be extended. The prototype will be limited to consumption entries filed on or after October 1, 1998, through September 30, 2000. Comments concerning this notice and applications to participate in the prototype are requested by March 31, 1998.

ADDRESSES: Written comments regarding this notice and/or applications to participate in this prototype should be addressed to Ms. Shari McCann, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave, NW, Room 5.2A, Washington, DC, 20229-0001.

FOR FURTHER INFORMATION CONTACT: Ms. Shari McCann, at (202) 927-1106, or Mr. Don Luther at (202) 927-0915.

SUPPLEMENTARY INFORMATION:

Background

Title VI of the North American Free Trade Agreement Implementation Act (the Act), Pub.L. 103-182, 107 Stat. 2057 (December 8, 1993), contains provisions pertaining to Customs Modernization (107 Stat. 2170). Subtitle B of Title VI establishes the National Customs Automation Program (NCAP)—an automated and electronic system for the processing of commercial importations. Section 637 of the Act amended Section 484 of the Tariff Act of 1930 to establish a new subsection (b), entitled “Reconciliation”, a planned component of the NCAP. Section 101.9(b) of the Customs Regulations (19 CFR 101.9(b)) provides for the testing of NCAP components. *See*, TD 95-21. This test is established pursuant to those regulations. This document replaces earlier notices concerning the reconciliation prototype test, published in the **Federal Register** on February 6, 1997 (62 FR 5673), announcing the initial Customs prototype test of reconciliation, and on September 30, 1997 (62 FR 51181), modifying the initial prototype).

The Concept of Reconciliation

When certain information (other than that related to the admissibility of merchandise) is not determinable at the time of entry summary, an importer may later provide Customs with that information on a Reconciliation. A Reconciliation is treated as an entry for purposes of liquidation, reliquidation, and protest. Upon liquidation of any underlying entry summary, any decision by Customs entering into that liquidation, *e.g.*, classification, may be protested pursuant to 19 U.S.C. 1514. When the outstanding issue, *e.g.*, value as determined by the actual costs, is later furnished in the Reconciliation, the Reconciliation will be liquidated. The liquidation of the Reconciliation will be posted to the Bulletin Notice of Liquidation, and may be protested pursuant to 19 U.S.C. 1514, but the protest may only pertain to the issue(s) flagged for reconciliation (*i.e.*, the protest may not re-visit issues

previously liquidated on the underlying entry summary).

Importers must be aware of the distinction between prior disclosure and reconciliation. A prior disclosure exists when a person concerned discloses the circumstances of a violation pursuant to the Customs Regulations. The person disclosing this information must do so before, or without knowledge of, the commencement of a formal investigation of that violation. Reconciliation is the process by which an importer notifies Customs of undeterminable information, and by which the outstanding information is provided to Customs at a later date. Under reconciliation, the importer is not disclosing a violation, but rather identifying information which is undeterminable and will be provided at a later time.

Definitions

1. *Reconciliation:* The process which allows an importer to identify undeterminable information (other than that affecting admissibility) to Customs, and provide the outstanding information at a later date.

Reconciliation also refers to the entry on which the outstanding information is provided.

2. *Underlying Entry Summary:* A consumption entry summary flagged for reconciliation.

3. *Flagging an entry for reconciliation:* Identifying to Customs that an entry summary is subject to reconciliation for a defined issue(s). There are two ways an importer can flag an entry summary for reconciliation:

a. *Entry-by-entry flagging:* The importer electronically via ABI inputs an indicator on all entries which are subject to reconciliation. This indicator identifies the issue(s) subject to reconciliation.

b. *Blanket application:* Prior to filing entries subject to reconciliation, the importer provides Customs a letter which contains the importer of record number, the time period in which entries are subject to reconciliation, and the issue(s) subject to reconciliation. Customs will input an electronic indicator on ALL entries for that importer for that time period, which will identify them as being subject to reconciliation for the issue(s) indicated.

4. *Entry-By-Entry Reconciliation:* A Reconciliation in which the revenue adjustment is specifically provided for each affected entry summary.

5. *Aggregate Reconciliation:* A Reconciliation filed with summarized data showing reconciled adjustments at an aggregate level. A list of the affected entries is required, but the revenue

change need not be broken out according to individual underlying entries. Aggregate Reconciliations may be used only where all adjustments covered by the Reconciliation result in absolute increases in duties, taxes, and fees. Drawback is not available on the increased/reconciled adjustment.

6. *Absolute increase:* Each and every underlying entry summary covered by the Reconciliation results in an increase or no change in duties, taxes, and fees. Only absolute increases are eligible for Aggregate Reconciliations.

Examples: Where entries A and B are both covered by a Reconciliation, the Reconciliation would have an Absolute Increase if the changes to both entries would be increases or no changes. If A increased and B decreased, even if A's increase is greater than B's decrease, this is NOT an Absolute Increase. See Netting, below.

Note: This principle applies at the entry level rather than at the line level. That is, regardless of decreases on individual *lines* on entry A, as long as the total change for entry A resulted in an increase in duties, taxes, and fees, it could be considered part of an Absolute Increase.

7. *Netting:* Situations in which increases AND decreases resulted at the end of the reconciliation period. In any netting situation, the importer has the following options:

- a. File an Entry-By-Entry Reconciliation to account for both the increases and decreases, or
- b. Divide the Reconciliation into two pieces: An Aggregate Reconciliation for the increase and an Entry-By-Entry Reconciliation for the decrease.

Description of the ACS Reconciliation Prototype

Customs goals in the design of this prototype are to (1) make progress under this key component of the Mod Act, (2) establish uniformity in an area which has traditionally operated under a variety of procedures, (3) provide financial safeguards, and (4) institute a legal mechanism for reconciling entries.

A. Exclusive Means

Concurrent with this Automated Commercial System (ACS) Reconciliation Prototype, Customs is designing a reconciliation component under the National Customs Automation Program Prototype (NCAP/P) in the Automated Commercial Environment (*see*, 62 FR 14731, dated March 27, 1997).

Thus, except for participation in the NCAP/P and upon implementation of this prototype, any party who elects to reconcile entries pursuant to 19 U.S.C. 1484(b) may only do so through this prototype. This prototype will serve as

the exclusive means to reconcile entries for (1) value, (2) classification on a limited basis, (3) merchandise entered under Harmonized Tariff Schedule of the United States (HTSUS) heading 9802, and/or (4) merchandise entered under the North American Free Trade Agreement (NAFTA). All practices with respect to block liquidation/block appraisement (liquidating one entry summary or some entry summaries with a periodic adjustment affecting many entry summaries) will cease and such post-entry adjustments will only take place via the ACS Reconciliation Prototype. All importers may apply for this prototype. Details on the application process are explained below. Outside of reconciliation, the only alternative post-entry adjustment will be to file a Supplemental Information Letter for each affected entry summary, with appropriate corrective data and duty tenders. (For information on the Supplemental Information Letter, see Automated Broker Interface (ABI) administrative message #97-0727, posted on 8/4/97, entitled "314 Day Liq Cycle—Trade Notice.") As always, importers retain the right to request extension of liquidation of entry summaries, as described in 19 CFR 159.12(a)(ii).

B. Notice of Intent

A notice of intention to file a Reconciliation ("Notice of Intent") identifies an undeterminable issue, transfers liability for that issue to a Reconciliation and permits the liquidation of the underlying entry summary as to all issues other than those which are transferred to the Reconciliation. By providing a Notice of Intent, an importer is requesting that a certain issue or group of issues be separated from the entry summary. The importer voluntarily requests and accepts that the issue(s) identified in the Notice of Intent remain open and outstanding. The importer remains responsible for filing a Reconciliation, and liable for any duties, taxes, and fees resulting from the filing and/or liquidation of the Reconciliation. The Notice of Intent creates an obligation on the importer to file the Reconciliation. Importers participating in this prototype will recognize that the liquidation of the underlying entries pertains only to those issues not identified by the importer on the Notice of Intent.

The underlying entries flagged for a Reconciliation may be filed at any port, including any combination of ports. The following entry types are eligible for reconciliation under this prototype:

1. Entry type 01: Free and dutiable formal consumption entries;

2. Entry type 02*: Quota/visa consumption entries;

3. Entry type 03*: Antidumping/Countervailing duty (AD/CVD) consumption entries;

4. Entry type 06: Foreign Trade Zone consumption entries; and

5. Entry type 07*: Quota/visa and AD/CVD combination consumption entries.

* Quota and AD/CVD entries may not be reconciled for classification; they may only be reconciled for HTSUS heading 9802, value and/or NAFTA. The issues of AD/CVD final rate and scope determination, quota category or any admissibility issue are likewise not eligible reconciliation issues under this prototype.

(1) Option: Entry-by-Entry Flag

During this prototype, the importer may "flag" the underlying entries at time of filing via an ABI indicator, which will serve as the Notice of Intent.

(2) Option: Blanket Application Flag

Those importers who find that a large majority of their entry summaries require flagging may provide their Notice of Intent by filing a "blanket application" in lieu of entry-by-entry flags. The blanket application will consist of written notice by the importer showing the Importer of Record number, range of dates in which the underlying entry summaries will be subject to reconciliation, and a list of the issues subject to reconciliation. This application must be received by Customs no later than seven working days prior to transmission of the first entry subject to the Reconciliation. Upon receipt of the blanket application, Customs will automatically apply the above-mentioned electronic flag to all entry summaries filed by the importer during the specified time period.

C. Issues To Be Reconciled

The ACS Reconciliation Prototype will allow the following issues to be flagged for reconciliation: value, HTSUS heading 9802, NAFTA, and classification on a limited basis.

1. Value—The ACS Reconciliation Prototype is open to reconciliation of all value issues.

2. HTSUS heading 9802—The issue of 9802 includes only the value aspect involved with this HTSUS provision, e.g., reconciling the estimated to actual costs.

3. NAFTA—Reconciliation may be used as a vehicle to file post-importation refund claims under 19 U.S.C. 1520(d). NAFTA Reconciliations are subject to the obligations of 19 CFR part 181, subpart D. The importer must possess a valid Certificate of Origin at

the time of making a NAFTA claim. Presentation of the NAFTA Certificate of Origin to Customs is waived for the purposes of this prototype, but the filer must retain this document, which shall be provided to Customs upon request. The Certificate of Origin is part of the a1A list (19 U.S.C. 1508(a)(1)(A)), and covered by the recordkeeping provisions of the Customs laws. Filers are reminded that interest shall accrue from the date on which the claim for NAFTA eligibility is made (the date of the NAFTA Reconciliation) to the date of liquidation or reliquidation of the Reconciliation. The obligation to file a Reconciliation opened by the Notice of Intent applies to all Reconciliations, including NAFTA, even if the participant finally concludes it cannot file a valid 520(d) claim, in which instance the NAFTA Reconciliation would be filed with no change.

4. Classification—Classification issues will be eligible for reconciliation only when such issues have been formally established as the subject of a pending administrative ruling (including preclassification rulings), protest, or court action.

Reconciliation for classification issues other than those listed above is not permitted. Reconciliation for quantity is also not permitted. These issues are very closely linked to admissibility, and therefore are not eligible for reconciliation. Post-entry adjustments for these issues may still be made however, using the Supplemental Information Letter process. (For information on this process, see ABI administrative message #97-0727, 8/4/97.)

D. Reconciliation—Menu Approach

By this notice, Customs is offering a variety of choices in reconciliation to meet a variety of business needs. Importers may find it helpful to view these alternatives as a "menu" approach. It should be noted that the following menu choices are for the type of Reconciliation filed. They are not conditioned on the method of flagging used. In other words, an importer can flag entries either individually or via a blanket application, and reconcile those entries via an Aggregate or Entry-By-Entry Reconciliation.

1. Entry-by-Entry Reconciliation

a. This option can be used for all reconciliation adjustments, including refunds of duties, taxes, and fees.

b. The continuous bond on the underlying entries will be used to cover the Reconciliation.

c. Customs will accept no drawback claims on the underlying entries until

the Reconciliation is filed with duties, taxes, and fees deposited.

d. The revenue adjustment will be broken down to entry-by-entry detail for all underlying entry summaries.

e. After the Reconciliation has been filed, drawback may be claimed against the underlying entries and, if appropriate, the reconciled increase.

f. Reconciliation of any issue which covers Antidumping and/or Countervailing duty entries must be submitted as an Entry-By-Entry Reconciliation.

2. Aggregate Reconciliation

a. This option applies only to those situations which involve an absolute increase, *i.e.*, each and every entry covered by the Reconciliation results in an increase or no change in duties, taxes, and fees. If netting is involved to reach a net increase, this option does *not* apply. (See Definitions section of this notice for more details.)

For example, entry 123 covers product A. Entry 234 covers product B. An assist was provided for product A, which resulted in an increase in duty. The value of product B was affected by currency fluctuations, which resulted in a decrease in duty. An Aggregate Reconciliation cannot be filed to cover both entry 123 and entry 234. Remember, this restriction against netting applies only to netting between different entries. If entry 456 covers both products A and B, as long as entry 456 as a whole had an increase in duties, taxes and fees, it may be included in an Aggregate Reconciliation.

b. The continuous bond on the underlying entries will be used to cover the Reconciliation.

c. Customs will accept no drawback claims on the underlying entries until the Reconciliation is filed with duties, taxes, and fees deposited.

d. The Reconciliation will include a list of all underlying entries, but will not require the revenue adjustment to be broken down by entry.

e. After the Reconciliation has been filed, drawback may be claimed against the underlying entries, but may NOT be claimed against the reconciled increase. All parties are hereby notified that no drawback refunds will be issued on the reconciled adjustment, *e.g.*, if the duty paid on the underlying entry summary is \$10,000, and the overall reconciliation increase adjustment is \$1,000, the \$10,000 is eligible for a drawback refund. The \$1,000 is not eligible for a drawback refund. By opting to file an Aggregate Reconciliation, all participants understand that they waive their ability

to claim drawback or transfer drawback rights for the amount of the reconciled increase.

E. Filing of Reconciliation—Grouping, Timeliness and Location

Reconciliation is to be used to group entries together for a common, outstanding issue. Entries flagged for reconciliation which have the same outstanding information should all be grouped on one Reconciliation, *e.g.*, entries flagged for reconciliation awaiting finalization of assist information should be grouped on one Reconciliation where the assist information is provided.

A Reconciliation of value, HTSUS heading 9802 and/or classification shall be filed within 15 months of the date of the oldest entry summary flagged for and grouped on that Reconciliation. A Reconciliation may cover any combination of value, HTSUS heading 9802 and classification issues. Should the issues of value, HTSUS heading 9802 and/or classification on one entry summary be flagged for reconciliation, the participant shall address all those issues on the same Reconciliation.

A NAFTA Reconciliation must be filed within 12 months of the date of importation of the oldest entry summary flagged for and grouped on that Reconciliation. NAFTA Reconciliations may not be combined with other issues, because of NAFTA's unique nature and different due dates, and so that Customs may expedite the processing of such refunds.

One underlying entry summary may have up to two Reconciliations, one for any combination of classification, HTSUS heading 9802 and/or value, and one for NAFTA.

A Reconciliation which is not filed by the appropriate deadline will be handled as a liquidated damages claim for failure to file.

The Reconciliation and supporting documentation may be filed at any port location. Certain ports will be established as reconciliation processing ports. The ABI transmission of the Reconciliation must reflect the appropriate Customs-identified processing port, and respective commodity team, on the header record. Customs will notify participants of the appropriate processing ports and commodity teams.

Please note that entries filed in Puerto Rico or the Virgin Islands must be reconciled on separate Reconciliations. Reconciliations cannot combine underlying entries filed in Puerto Rico with underlying entries filed at any other port, or entries filed in the Virgin Islands with entries filed at any other

port. This limitation is due to the fact that revenue deposited on or refunded from entries filed in the Virgin Islands and Puerto Rico are attributed to separate accounts for those territories than entries filed at other ports.

F. Effect of Reconciliation on Drawback

Inherent in the concept of reconciliation is the fact that, because certain issues are kept open pending filing of the Reconciliation, the information regarding these issues and the resulting liability for the duties, taxes, and fees previously asserted by the importer may change when the Reconciliation is filed. Customs will therefore not accept drawback claims or certificates on underlying entries flagged for reconciliation until the Reconciliation is filed with all duties, taxes, and fees deposited. In the case of a drawback claim and a reconciliation refund against the same underlying entries, the importer is responsible for ensuring that a claim for a refund in excess of the duties paid is not filed with Customs and for substantiating how the drawback and reconciliation refund requests apply to different merchandise.

Since drawback is paid on a per-entry basis, reconciled adjustments filed with aggregate data are not eligible for drawback. As the adjustment made pursuant to an Aggregate Reconciliation is not connected to specific entry summaries, it would be impossible for Customs to ensure that those duties were indeed entitled to drawback, and/or that the duty for which the drawback was claimed had not been previously refunded on the underlying entry summary(ies).

G. Filing of Reconciliation—Bond Issues

Entry summaries flagged for reconciliation will require a continuous bond, which must be accompanied by a rider. The rider shall read as follows:

By this rider to the Customs Form 301, No., _____ executed on, _____ by, _____ as principal, importer No., _____ and, _____ as surety, code No., _____ which is effective on, _____ the principal and surety agree that this bond covers all Reconciliations pursuant to 19 U.S.C. 1484(b) that are elected on any entries secured by this bond, and that all conditions set out in Section 113.62, Customs Regulations, are applicable thereto.

The continuous bond obligated on the underlying entries, along with the rider, will be used to cover the Reconciliation. Adequate bond coverage must exist for the Reconciliation.

All underlying entries subject to one Reconciliation must be covered by one surety and one continuous bond. Each Reconciliation must be covered by one surety, *i.e.*, two sureties cannot cover the same Reconciliation. Termination of the continuous bond, either by Customs, the bond principal or surety will result in the closing of the Reconciliation to the addition of further underlying entries.

H. ACS Reconciliation Prototype—Chain of Events

1. Initial Application

As part of an importer's application to participate in the ACS Reconciliation Prototype, the importer will provide information including descriptions of the specific issues to be reconciled, the merchandise and corresponding Harmonized Tariff Schedule (HTS) classification, and which ports the importer uses or intends to use. Customs will notify the applicant in writing of their acceptance or denial into the prototype. (See "Application to Participate in ACS Reconciliation Prototype" below.)

2. Entries flagged for Reconciliation

a. Any entry summary that is flagged for reconciliation must be filed via ABI. An electronic indicator, or "flag", signifying that these entries are to be reconciled, will be applied at the header level. The flag designates that the indicated issue(s) for the entire entry summary (not just a specific line) is subject to reconciliation.

b. As mentioned above, there is also a "blanket application" option, in which ACS will automatically set the flag for all of an importer's entries for a given period for a given issue(s). The same responsibilities and liabilities apply to these entries as those flagged individually.

c. For purposes of this prototype, the "flag" (set either by the filer or by Customs in accordance with a blanket application) serves as the importer's Notice of Intent to file a Reconciliation.

d. The importer must use reasonable care in filing the entry summary, including but not limited to declaring the proper value, classification, and rate of duty on the underlying entry summary, regardless of whether a particular issue has been flagged for reconciliation. For example, if the entry is subject to value reconciliation, the importer must still use reasonable care in providing a good faith value estimate, and deposit the appropriate duties, taxes, and fees at time of entry summary.

e. Entry summaries may be flagged for reconciliation until the close of the test period.

3. Liquidation of Underlying Entry Summaries

Liquidation of the underlying entry summary will occur as with any entry summary and will be posted to the Bulletin Notice of Liquidation. Importers who participate in this prototype will recognize that the liquidation of the underlying entry summary pertains only to those issues not identified by the importer as subject to reconciliation. Upon liquidation of the underlying entries, any decisions of the Customs Service entering into that liquidation can be protested pursuant to 19 U.S.C. 1514. It should be noted that liquidation of the underlying entry summaries can, but does not necessarily, precede the filing of the Reconciliation.

4. Importer Electronically Transmits the Reconciliation via ABI

a. When the importer has finalized the outstanding information, and has the answer to the issue in question, the filer, using reasonable care, will electronically (via ABI) transmit the Reconciliation to Customs. The Reconciliation will be a new entry type 09.

b. Transmission of a Reconciliation for value, HTSUS heading 9802, and/or classification must occur within 15 months of the date of the oldest entry summary flagged for and grouped on that Reconciliation. Transmission of a NAFTA Reconciliation must occur within 12 months of the date of importation of the oldest entry summary flagged for and grouped on that Reconciliation.

c. Each Reconciliation will be limited to one importer of record, *i.e.*, the underlying entries and the Reconciliation must have the same importer of record.

d. This prototype will allow up to 9,999 underlying entries per Reconciliation.

e. The importer must clearly document how the information in the Reconciliation was derived. The importer must maintain all supporting documentation required to substantiate the declaration made via the Reconciliation, and provide this information to Customs or Census upon request. Supporting documents may include, but are not limited to:

- i. CF 247—Cost Submission;
- ii. Detailed line-level spreadsheets;
- iii. Landed cost analysis sheets;
- iv. Invoices, purchase orders, and contracts; and

v. Documents supporting apportionment of assists in accordance with 19 CFR 152.103(e).

The recordkeeping provisions of the Customs laws apply to the Reconciliation and all supporting documentation as described above.

f. While entry summaries may be flagged until the close of the test period, Reconciliations may be filed and liquidated after the closing date of the test.

g. For both the entry-by-entry and aggregate methods of reconciliation, the structure of the Reconciliation will include a header, association file, and line item data. Where there are differences in the type of Reconciliation, they are noted below. Upon request, Customs will provide applicants and other interested parties with sample Reconciliations of each type. Customs will provide participants with instructions for reconciliation programming. Importers are encouraged not to begin programming until that time.

i. Header—The Reconciliation header will include the following data elements:

- (a) Reconciliation entry number;
- (b) Port of entry code (= processing port);
- (c) Responsible commodity team;
- (d) Reconciliation type (Entry-By-Entry or Aggregate);
- (e) Reconciliation date (date of filing);
- (f) Issue(s) being reconciled;
- (g) IRS number;
- (h) Surety code;
- (i) Summary date of oldest underlying entry summary (if the reconciliation issue is value, HTSUS heading 9802 or classification);
- (j) Date of import of oldest underlying entry (if the reconciliation issue is NAFTA);
- (k) The total of the original duties, taxes, and fees (fees broken out by "class code") which were deposited on the underlying entries;
- (l) The total of the reconciled duties, taxes, and fees (fees broken out by "class code");
- (m) The total amount of interest deposited on filing of the Reconciliation. Please note: Customs is in the process of analyzing business-realistic options for interest calculation which are revenue-neutral and do not link to every underlying entry. A subsequent **Federal Register** notice will be published with any options for interest calculation. Until such further notice, interest must be calculated in accordance with 19 U.S.C. 1505; and
- (n) Comment field: This field is to be used to explain any details of the Reconciliation, *e.g.*, assist declaration

on part XYZ for the period 10/1/1998–9/30/1999.

ii. Association file—For both Entry-By-Entry and Aggregate Reconciliations, the association file will contain:

(a) The underlying entry numbers, and ports of entry, which were previously flagged and grouped on the Reconciliation.

For Entry-By-Entry Reconciliations only, the following elements are also required:

(b) The actual amount of duties, taxes and fees (fees broken out by “class code”) deposited per underlying entry summary;

(c) The reconciled amount of duties, taxes, and fees (fees broken out by “class code”) which should have been paid for each of the underlying entries had the complete information been available to the importer at the time of filing the underlying entry summaries; and

(d) If the Reconciliation results in additional duties or fees due Customs, the filer must deposit interest at time of filing the Reconciliation. Interest must be calculated in accordance with 19 U.S.C. 1505.

iii. Line item data—The line item data for both the Entry-By-Entry and Aggregate Reconciliations will NOT be

filed via ABI. For both types of Reconciliation, this data will be submitted both in hard copy and in commercial spreadsheet format via diskette. The data elements shown below will be required for this portion of all Reconciliations. Each reconciliation line item will be consolidated for all of the underlying entries listed in the association file. Each combination of HTSUS, country of origin, Special Program Indicator (SPI) and calendar year of release will require a separate line. This line item data shall be presented in the format shown in the sample spreadsheet below:

BILLING CODE 4820-02-P

DURANT MOTOR CORP. -- AGGREGATE RECONCILIATION													
PERIOD: 10/1/1999 THRU 3/31/2000													
Rec. Line	Cal. Year	Reason	Port	Origin	Original SPI	Rec. SPI	HTS	Original Quantity	Rec. Quantity	Original Value	Reconciled Value	Additional Value	Duty Change*
1	1999	Royalty		JP			4011101000			\$16,300,451	\$16,544,958	\$244,507	\$9,780.28
2	2000	Royalty		JP			4011101000			\$5,751,916	\$5,838,195	\$86,279	\$3,451.16
3	1999	Assist		MX	MX	MX	5704900090			\$685,231	\$721,548	\$36,317	\$944.24
4	2000	Assist		MX	MX	MX	5704900090			\$623,966	\$657,036	\$33,070	\$859.82
5	1999	R&D		KR			7007110010			\$3,201,101	\$4,601,298	\$1,400,197	\$78,411.03
6	2000	R&D		KR			7007110010			\$2,604,538	\$3,015,562	\$411,024	\$23,017.34
7	1999	9802	All	US			9802008065			\$7,801,810	\$6,943,611	(\$858,199)	\$0.00
7a	1999	9802	All	DE			8421394000			\$4,001,201	\$4,859,400	\$858,199	\$6,865.59
8a	2000	9802	All	US			9802008065			\$6,537,984	\$5,818,806	(\$719,178)	\$0.00
8b	2000	9802	All	DE			8421394000			\$3,549,751	\$4,269,469	\$719,718	\$5,757.74
9	1999	Assist		EG	A	A	8804000000			\$961,000	\$1,037,880	\$76,880	\$0.00
10	2000	Assist		EG	A	A	8804000000			\$63,250	\$68,310	\$5,060	\$0.00
11a	1999	Class.	46	JP			4011105000	10000	2000	\$160,000	\$32,000	(\$128,000)	(\$4,608.00)
11b	1999	Class.	46	JP			4011101000	0	8000	\$0	\$128,000	\$128,000	\$5,120.00
* Duties, Taxes & Fees must be individually broken out for each Rec. line.												TOTAL ADJUSTMENT	\$129,087.21

BILLING CODE 4820-02-C

(a) The Bureau of the Census has certain requirements for specific reconcilable issues:

(i) *Classification*: Reconciliations for classification must include the data elements of quantity and port(s). (The port(s) may be reported at the first two digit level, e.g., Port 4601 = 46.) If “ALL”

is indicated in the “Port” column, Census will understand that the change provided by that line applies to all ports in which the importer entered the subject merchandise.

A Reconciliation of a classification change requires that the summarized data lines must be connected to illustrate the shift from one HTS

classification to another. In the spreadsheet which appears above, an example is included in which a ruling determined that a portion of the merchandise entered under HTSUS subheading 4011.10.5000 should have been classified under HTSUS subheading 4011.10.1000 (lines 11a and 11b of the spreadsheet). The data

provided in the Reconciliation must show Customs and Census which portion shifted from the original HTS classification to the reconciled HTS classification, and which portion did not change.

The classification change illustrated in lines 11a and 11b of the spreadsheet resulted in an increase in duties due Customs, *i.e.*, the portion of the merchandise that changed classification went from a 3.6% to a 4% duty rate. This example could be filed as an Entry-by-Entry or Aggregate Reconciliation. Remember: should the classification change result in a decrease in duties, taxes, and fees, the Reconciliation must be filed as an Entry-By-Entry Reconciliation.

(ii) *HTSUS heading 9802*: Similar to classification, a Reconciliation of HTSUS heading 9802 must also provide the port(s) covered (port(s) at the first two digits), and a link between the original data submitted and the reconciled data. Census needs to be able to capture the shift in value, in order to know how to adjust the statistics for both the HTSUS Chapter 1-97 provision and for the HTSUS heading 9802 provision. An example of a 9802 change is also provided in the spreadsheet above.

Should the HTSUS heading 9802 change result in a decrease in duties, taxes, and fees, the Reconciliation must be filed as an Entry-By-Entry Reconciliation.

h. *Payment*—If the Reconciliation results in a revenue change, Customs will issue one bill or refund per Reconciliation. If the Reconciliation results in additional duties, taxes, or fees due Customs, payment must be made via check or Automated Clearing House at the time of filing the Reconciliation. In such cases, the filer must deposit interest at time of Reconciliation filing. If the Reconciliation results in a refund due the importer, Customs will issue the refund within 30 days of liquidation of the Reconciliation. Final interest will be assessed or refunded as appropriate pursuant to 19 U.S.C. 1505.

i. *Liquidation of Reconciliation*—
i. The Reconciliation will be reviewed and liquidated, and one bill or refund issued if a revenue change is appropriate. Importers will recognize that there may be instances where no bill or refund is necessary. Interest will be calculated in accordance with 19 U.S.C. 1505. The liquidation of the Reconciliation will be posted to the Bulletin Notice of Liquidation.

ii. On a matter of dispute, the importer may follow normal protest procedures (pursuant to 19 U.S.C. 1514)

with regard to any decision pertaining to the liquidation of the Reconciliation.

Eligibility Criteria

1. Participants must be capable of filing the underlying entry summary and Reconciliation information electronically, via ABI.

2. Adequate bond coverage must exist for the Reconciliation. Participants must have on file a rider and a continuous bond, which will be obligated on the underlying entries and used to cover the Reconciliation.

Reasonable Care and Recordkeeping

Under the statutory mandate of 19 U.S.C. 1484, the importer is responsible for using reasonable care in declaring at entry, among other things, the proper value, classification and rate of duty applicable to imported merchandise. The public is reminded that the obligation to use reasonable care applies to all aspects of this prototype, including the filing and flagging of the underlying entries and the filing of the Reconciliation.

Auditable and verifiable financial records must be the basis for any Reconciliation. Accordingly, the importer is required to maintain all records to support the Reconciliation, whether an Entry-By-Entry or Aggregate Reconciliation, pursuant to Customs recordkeeping laws, and maintain a system of records providing an audit trail between the data provided in the Reconciliation and the importer's books and records.

Upon request by Customs and/or Census, further information in support of the Reconciliation must be provided by the importer. For example, Customs may, for verification purposes, request that the importer break down a certain (HTSUS/country of origin) line by part number, contract number, etc., and provide the documentation to support the change made at that level. The importer will have to track the adjustment to entry if requested by Customs. Census may in certain circumstances request that the yearly change for a given [HTSUS/country of origin/SPI] be broken down to quarterly adjustments, in order to capture seasonal fluctuations.

Application To Participate in the ACS Reconciliation Prototype

This prototype is open to all importers. As stated above, this prototype will serve as the exclusive means to reconcile entries, outside of any other Customs-designated prototypes. This notice requests importers to apply for participation in

this prototype by submitting the following information:

1. Importer name and IRS number;
2. Broker name(s) and filer code(s);
3. Surety name(s) and surety code(s);
4. Bond coverage (reconciliation rider mentioned above); A copy of the rider and identification of the port in which the continuous bond and rider are filed must be included in the application.
5. Commodities (description and HTS no.) covered under the Reconciliation;
6. Port(s) at which underlying entries and Reconciliation will be filed;
7. Port location from where ABI transmission will be sent (may be same as #6);
8. Number of entries anticipated to be covered by the Reconciliation;
9. Detailed description of specific issue(s) to be reconciled; and
10. Point of contact and telephone number.

The application may be submitted by the importer's broker and/or attorney, if duly authorized. This information should be submitted by March 31, 1998 to Ms. Shari McCann, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave, NW, Room 5.2A, Washington, DC 20229-0001. By applying to participate in this test, the importer is agreeing to participate pursuant to the terms of the test as defined in this notice.

Applications may be submitted until the start of the prototype and throughout the duration of the prototype. Priority review will be given to applications received by March 31, 1998. Applicants will be notified in writing of their acceptance or denial into the prototype. Applicants are reminded that they cannot begin participation in the prototype until they have received acceptance from Customs. An applicant who has been denied participation in the prototype may re-apply after 30 days of the notice of denial. An applicant may appeal a denial within 30 days of the notice of denial to the Director, Trade Compliance.

Interested candidates should note that participation in this test will not constitute confidential information, and that lists of participants will be made available. All laws and regulations concerning commercial confidential information apply.

Misconduct Under Prototype

If a filer attempts to submit data relating to prohibited merchandise, abuses reconciliation by using it when the reconciliation issue is not truly undeterminable at time of entry summary; fails to exercise reasonable care in filing underlying entries or

Reconciliations; fails to abide by the terms and conditions of this notice; submits entry types not authorized for reconciliation; is consistently late in filing the Reconciliation or depositing duties, taxes, and fees; fails to supply Customs with sufficient supporting documentation for the Reconciliation; is habitually delinquent in the payment of bills from Customs; or otherwise fails to follow the applicable laws and regulations, then the participant may be suspended from the prototype, subject to liquidated damages, penalties, and/or other administrative sanctions, and/or prevented from participation in future prototypes. Any action commenced by Customs for misconduct may be appealed through existing procedures or, if none exist, to the Director, Trade Compliance, within 30 days of the action.

Regulatory Provisions Suspended

Certain requirements of § 113.62 of the Customs Regulations (19 CFR 113.62), pertaining to basic importation and entry bond conditions, will be suspended during this prototype. Certain provisions in Parts 141 and 142 of the Customs Regulations (19 CFR 141 and 19 CFR 142), pertaining to entry, in Part 159 of the Customs Regulations (19 CFR Part 159), pertaining to liquidation of duties, and in Part 181 of the Customs Regulations (19 CFR 181), pertaining to the North American Free Trade Agreement, will also be suspended during this prototype.

Absent any specified alternate procedure, the current regulations apply.

Test Evaluation Criteria

Participants are strongly encouraged to participate in the evaluation of the ACS Reconciliation Prototype. Interim evaluations of the prototype will be published on the Customs Electronic Bulletin Board, and the results of the final prototype evaluation will be published in the **Federal Register** as required by 19 CFR 101.9(b). The following evaluation methods and criteria have been suggested:

1. Baseline measurements to be established through data analysis and questionnaires;
2. Reports to be run through use of data analysis throughout the prototype; and
3. Questionnaires from both trade participants and Customs to be used before, during and after the prototype period.

Customs may assess any or all of the following evaluation criteria from both Customs and the trade participants:

1. Workload impact (workload shifts/volume, cycle times, etc.);

2. Cost savings (staff, interest, issuance of fewer checks or bills, tracking refunds/bills, reduction in contingent liabilities, etc.);

3. Policy and procedure accommodation;

4. Trade compliance impact;
5. Problem resolution;
6. System efficiency;
7. Operational efficiency;
8. Statistical needs; and
9. Other issues identified by the participant group. Customs will request that test participants be active in the evaluation, identifying costs and savings experienced in this prototype.

Dated: February 3, 1998.

Audrey Adams,

Acting Assistant Commissioner, Office of Field Operations.

[FR Doc. 98-3069 Filed 2-5-98; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Revenue Procedure 98-19

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning Revenue Procedure 98-19, Exceptions to the notice and reporting requirements of section 6033(e)(1) and the tax imposed by section 6033(e)(2).

DATES: Written comments should be received on or before April 7, 1998 to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5571, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the information collection should be directed to Carol Savage, (202) 622-3945, Internal Revenue Service, room 5569, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Exceptions to the notice and reporting requirements of section

6033(e)(1) and the tax imposed by section 6033(e)(2).

OMB Number: 1545-1589.

Revenue Procedure Number: Revenue Procedure 98-19.

Abstract: Revenue Procedure 98-19 provides guidance to organizations exempt from taxation under section 501(a) of the Internal Revenue Code of 1986 on certain exceptions from the reporting and notice requirements of section 6033(e)(1) and the tax imposed by section 6033(e)(2).

Current Actions: There are no changes being made to the revenue procedure at this time.

Type of Review: Extension of a currently approved collection.

Affected Public: Individuals or households, not-for-profit institutions, and farms.

Estimated Number of Organizations: 15,000.

Estimated Average Time Per Organizations: 10 hours.

Estimated Total Annual Recordkeeping Hours: 150,000.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information shall have practical utility; (b) the accuracy of the agency's estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information.

Sedgwick County, KS. UP is a Class I rail carrier and Central Kansas Railway Limited Liability Company (CKR) is a limited liability rail carrier. The proposed transaction was expected to be consummated on or shortly after July 29, 1998, the effective date of the exemption.

The joint relocation project involves: (1) CKR's grant to UP of overhead trackage rights on CKR's line extending from South Junction westward to the line of Kansas Southwestern Railway (KSR): (a) over a portion of CKR's Wichita Subdivision from milepost 0.20 near South Junction to CKR's milepost 3.45 (which connects with KSR's Hardtner Industrial Lead at milepost 487.80) and (b) over CKR's track from milepost 211.49 (which is also milepost 2.80 on CKR's Wichita Subdivision) to milepost 212.44 (which also connects with KSR's Hardtner Industrial Lead at milepost 488.8); and (2) UP's incidental abandonment of, and discontinuance of operations over, a parallel portion of UP's Hutchinson Industrial Lead between milepost 483.44 and milepost 485.94 at Hardtner Junction, a distance of 2.50 miles in Wichita. The trackage rights to be abandoned includes the non-agency station of Hardtner Junction at milepost 485.94.

The proposed joint relocation project will not disrupt service to shippers. The notice states that the project is to remove long freight trains from UP's trackage and to eliminate approximately 24 grade crossings in Wichita. It also states that the project will facilitate implementation of part of an agreement which has been reached between UP, the City of Wichita and Sedgwick County in a signed Memorandum of Understanding (MOU), filed with the Board on June 26, 1998, and granted.¹

The Board will exercise jurisdiction over the abandonment or construction components of a relocation project, and require separate approval or exemption, only where the removal of track affects service to shippers or the construction of new track involves expansion into a new territory. *See City of Detroit versus Canadian National Ry. Co., et al.*, 9 I.C.C.2d 1208 (1993), *aff'd sub nom.*, *Detroit/Wayne County Port Authority versus ICC*, 59 F.3d 1314 (D.C. Cir. 1995). Line relocation projects may embrace trackage rights transactions

such as the one involved here. *See D.T.&I.R.—Trackage Rights*, 363 I.C.C. 878 (1981). Under these standards, the incidental abandonment, construction, and trackage rights components require no separate approval or exemption when the relocation project, as here, will not disrupt service to shippers and thus qualifies for the class exemption at 49 CFR 1180.2(d)(5).

As a condition to this exemption, any employees affected by the trackage rights will be protected by the conditions imposed in *Norfolk and Western Ry. Co.—Trackage Rights—BN*, 354 I.C.C. 605 (1978), as modified in *Mendocino Coast Ry., Inc.—Lease and Operate*, 360 I.C.C. 653 (1980).

If the notice contains false or misleading information, the exemption is void *ab initio*. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33626, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Joseph D. Anthofer, 1416 Dodge Street, #830, Omaha, NE 68179.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: August 10, 1998.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams,
Secretary.

[FR Doc. 98-22021 Filed 8-17-98; 8:45 am]

BILLING CODE 4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33603]

Richard B. Webb and Susan K. Lundy—Control Exemption—Blue Mountain Railroad, Inc. and Southeast Kansas Railroad Company

AGENCY: Surface Transportation Board.

ACTION: Notice of exemption.

SUMMARY: The Board grants an exemption under 49 U.S.C. 10502, from the prior approval requirements of 49 U.S.C. 11323-25: (1) for Richard B. Webb and Susan K. Lundy to acquire indirect control of Blue Mountain Railroad, Inc. (BMR), and Southeast Kansas Railroad Company (SEK),

through their direct control of South Kansas and Oklahoma Railroad Company (SKO) and the Palouse River & Coulee City Railroad, Inc. (PRCC); and (2) for SKO to acquire control of SEK and for PRCC to acquire control of BMR through the acquisition of all outstanding stock of the respective companies.

DATES: This exemption will be effective on September 17, 1998. Petitions to stay must be filed by September 2, 1998, and petitions to reopen must be filed by September 14, 1998.

ADDRESSES: Send an original and 10 copies of pleadings referring to STB Finance Docket No. 33603 to: Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, send one copy of pleadings to petitioners' representative: Karl Morell, Of Counsel, Ball Janik LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Additional information is contained in the Board's decision. To purchase a copy of the full decision, write to, call, or pick up in person from: DC News & Data, Inc., 1925 K Street, N.W., Suite 210, Washington, DC 20006. Telephone: (202) 289-4357. [Assistance for the hearing impaired is available through TDD Services (202) 565-1695.]

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

Decided: August 7, 1998.

By the Board, Chairman Morgan and Vice Chairman Owen.

Vernon A. Williams,
Secretary.

[FR Doc. 98-21881 Filed 8-17-98; 8:45 am]

BILLING CODE 4915-00-P

DEPARTMENT OF THE TREASURY

Customs Service

Modification of National Customs Automation Program Test Regarding Reconciliation

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: A notice was published in the **Federal Register** on February 6, 1998, announcing the U.S. Customs ACS Reconciliation Prototype. This document serves to announce certain operational changes to the prototype, as well as to provide clarification on some

¹ See *Union Pacific Corporation, Union Pacific Railroad Company, and Missouri Pacific Railroad Company—Control and Merger—Southern Pacific Rail Corporation. Southern Pacific Transportation Company, St. Louis Southwestern Railway Company, SPCSL Corp., and The Denver and Rio Grande Western Railroad Company*, Finance Docket No. 32760 [Decision No. 80] (STB served July 8, 1998).

items. Most aspects of the prototype are unchanged, including the Customs Service policy that the prototype will serve, until implementation of the Reconciliation component of NCAP/P, as the exclusive means to reconcile entry summaries.

EFFECTIVE DATE: The starting date announced in the February 6, 1998 notice is unchanged. This prototype will commence no earlier than October 1, 1998, will run for approximately two years, and may be extended.

Applications to participate in the prototype will be accepted throughout the duration of the prototype.

ADDRESSES: Written comments regarding this notice should be addressed to Mr. Don Luther, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave. N.W., Mailstop 5.2A, Washington, DC, 20229-0001.

FOR FURTHER INFORMATION CONTACT: Mr. Don Luther at (202) 927-0915.

SUPPLEMENTARY INFORMATION:

Changes and Clarifications

The following items are changes and clarifications to the February 6, 1998 **Federal Register** notice on the Reconciliation Prototype. Unless specifically addressed in this notice, all elements of the earlier notice still apply.

A. Additional Information on the Prototype

Additional information on the prototype is available on the U.S. Customs Internet Web Site. The address for this site is:
www.customs.ustras.gov/imp-exp2/comm-imp/recon/index.htm

B. Bond Issues

1. Bond Rider

The specific language in the bond rider has been changed to more adequately address coverage for Aggregate Reconciliations. The rider must be filed with the bond prior to any entry summaries being flagged for reconciliation. Because the new bond rider is different, applicants who already have provided the earlier bond rider must provide the new bond rider prior to flagging entries for reconciliation.

The rider shall read as follows:

By this rider to the Customs Form 301 No. _____, executed on _____, by _____ as principal(s), importer no(s). _____, and _____, as surety, code no. _____, which is effective on _____, the principal(s) and surety agree that this bond covers all Reconciliations pursuant to 19 U.S.C. 1484(b) that are elected on any entries

secured by this bond, and that all conditions set out in Section 113.62, Customs Regulations, are applicable thereto. The principal(s) and surety also agree that, when an Aggregate Reconciliation under this rider lists entries occurring in more than one bond period, any liabilities to Customs reflected in that Aggregate Reconciliation shall be attributable (up to the full available bond amount) to any or all of those bond periods.

2. Termination of Bond Rider

Termination of the Reconciliation Bond Rider by either the principal or the surety may be affected in accordance with procedures set forth in § 113.27, Customs Regulations. Termination of the Reconciliation Bond Rider will not serve to terminate the underlying bond. Moreover, it should be noted that Customs will not terminate bonds or riders filed pursuant to this prototype.

3. Bond Coverage to be Evaluated

In addition to the test evaluation criteria listed in the February 6, 1998 notice, adequacy of bond coverage for participating importers will also be evaluated for this prototype.

C. Changes in Terminology

The previous notice described two methods for flagging entry summaries for reconciliation, and two methods for reconciling flagged entry summaries. The method of flagging does not dictate the method of reconciling. Due to some confusion caused by similar terms, Customs is changing the terminology of the flagging methods. The methods themselves are unchanged, but are shown here for clarification.

Individual entry flag (Previously called entry-by-entry flagging): The importer electronically via ABI inputs an indicator on all entries which are subject to reconciliation. This indicator identifies the issue(s) subject to reconciliation.

Blanket flag (Previously called blanket application): Prior to filing entries subject to reconciliation, the importer provides Customs a letter which contains the importer of record number, the time period in which entries are subject to reconciliation, and the issue(s) subject to reconciliation. Customs will input an electronic indicator on ALL entries for that importer for that time period, which will identify them as being subject to reconciliation for the issue(s) indicated. The flag that results is the same as the individual entry flag, except that it is applied by Customs to all entries filed for a given importer of record.

D. Designated Processing Ports

The previous notice stated that Reconciliations may be filed at any Customs port, but would be processed at a processing port assigned to the importer by Customs. Due to intricacies relating to financial collections and routing of documents, Customs has changed this aspect of the prototype. While the underlying entries may still be filed at any port, the Reconciliation must be filed at the processing port assigned to the importer by Customs. For purposes of filing the Reconciliation at the processing port, the broker permit requirement is waived (See below).

The Reconciliation Processing Ports are:

Boston, MA
Champlain, NY
Detroit, MI
El Paso, TX
Laredo, TX
Miami, FL
Minneapolis, MN
New York, NY/Newark, NJ
Nogales, AZ
Pharr, TX
Portland, OR
San Diego/Otay Mesa, CA

Other ports may be added at a later date, at which time affected participants would be notified.

E. Entry Types Eligible for Reconciliation

The notice of February 6, 1998 stated that the following entry types would be eligible for the ACS Reconciliation Prototype: 01, 02, 03, 06 and 07. During the course of program development, it became apparent that Customs would not be able to include entry types 03 and 07 in this initial phase of the prototype. These entry types are those subject to Antidumping/Countervailing duty cases, which due to their inherent complexity, cannot be incorporated into reconciliation at this time. *The entry types covered by the prototype will be types 01, 02, and 06.* (Type 06 Foreign Trade Zone entries are allowed only when no Antidumping/Countervailing duty merchandise is included on them.)

Entry summaries subject to Antidumping/Countervailing duty cases may be adjusted via existing procedures for individually adjusting entry summaries prior to liquidation.

F. Taxes and Fees

For Entry-by-entry Reconciliations, all taxes and fees on each entry summary must be adjusted to show the correct amount appropriate to that entry summary had the complete information for the transaction been known at the time of entry summary filing.

On Aggregate Reconciliations, since monetary changes to individual entry summaries are not reported, adjustments to taxes and fees will be reported on the Summarized Line Item Data Spreadsheet, as follows:

Taxes and Fees applied to individual commodities, such as Cotton Fee, Beef Fee and the like, will be adjusted by multiplying any increase in dutiable value by the rate associated with the tariff number for the product in question.

For Harbor Maintenance Tax (HMT), the importer is responsible for determining and declaring the amount owed, based on any increase in dutiable value, for those products which had been subject to HMT at the time of original entry summary.

Merchandise Processing Fee (MPF) will be determined and declared in a similar fashion. The importer is responsible for determining and declaring the proper amount of MPF due based on any increase in dutiable value, at the MPF rate applied to the product at time of filing the underlying entry summary. Because there is a maximum assessment of MPF for entry summaries, Customs will use the following formula to set the maximum MPF to be paid on an Aggregate Reconciliation: $[(\$485 \times \text{number of entries covered by the Reconciliation which were subject to MPF}), \text{less the amount of MPF already paid on those same entries.}]$

G. Regulatory Provisions

The February 6, 1998 **Federal Register** notice included a section on regulatory provisions suspended. That section is hereby modified by removing all references to Part 113.62, Customs Regulations, and adding the following statement: Certain provisions in Part 111, and Part 141 of the Customs Regulations will be suspended during this prototype test. This will allow brokers to file Reconciliations on behalf of importers at the designated Reconciliation Processing Port, without holding a permit in that port. The suspension provided in this notice pertains only to filing type "09" Reconciliation entries, and not to any other Customs business transacted by brokers.

H. Handbook

A Reconciliation procedures handbook is currently under development by Customs. Participants in the prototype will receive a copy of this handbook, which will contain specific operational information, including instructions on how to file and flag underlying entries, and how to

file Reconciliations. The publication will be made available to the general public via the web site listed above, and a version of it will be distributed to Customs officers.

I. Interest

Interest accrues on all Reconciliations where monetary adjustments take place, whether they are increases or decreases in duties, taxes, and fees. If interest is due Customs, the filer will make payment of the interest upon filing the Reconciliation, along with duties, taxes, and fees. Interest due the importer will be paid upon liquidation of the Reconciliation. Customs is currently seeking a statutory amendment to 19 U.S.C. 1505 which would allow an alternate interest accounting methodology, such as the following, which will be used *if the required statutory change is obtained*:

Interest will be calculated on the entire amount of adjusted duties, taxes, and fees, as if they had been due on the midpoint date of the period covered by the Reconciliation. For example, if a Reconciliation covers January 1, 1999 through December 31, 1999, and results in \$20,000 in increased revenue, the interest would be calculated for the \$20,000 from the midpoint date of July 1, 1999.

If no such statutory amendment occurs: Importers will be required to determine the appropriate amount of interest due for each entry summary, and report such adjustment for each entry summary, either via the Association File for Entry-by-Entry Reconciliations, or as a total amount of interest due for Aggregate Reconciliations.

J. Components of the Reconciliation

Reconciliations will consist of three parts. This is true of both Entry-by-entry and Aggregate Reconciliations: The Header, Association File, and Summarized Line Data Spreadsheet. The characteristics of these three components are unchanged from those described in the **Federal Register** notice of February 6, 1998. In cases where a Reconciliation is filed with no adjustments to value or other elements of the underlying transactions, that is, merely to satisfy the obligation to file a Reconciliation initiated by flagging entry summaries, the spreadsheet need not be provided, as it would be a spreadsheet containing no data. Importers should be aware of the distinction between this situation and one where there are adjustments to value but no revenue implications, in which a spreadsheet would be required.

K. Summarized Line Item Data Spreadsheet

The spreadsheet shown in the February notice is correct except that the title reads "Aggregate Reconciliation" when it should read "Reconciliation Summarized Line Data Spreadsheet," since the spreadsheet is used both for Entry-by-entry and Aggregate Reconciliations. Also, it was brought to Customs attention that totals on certain columns were incorrect. These were typographical errors not intended to represent calculations other than those described in the notice or on the face of the spreadsheet.

L. Application to Participate in the Prototype

Importers interested in participating in the prototype must apply to Customs in writing. Policies from the earlier notice regarding applications remain in effect. Applications will be accepted throughout the duration of the prototype. The application requirements from the earlier notice are unchanged, except that applicants are no longer required to specify the port where the Reconciliations will be filed, as Customs will instruct the importer on where they must be filed.

Applications should be submitted to Mr. Don Luther, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave, NW, Mailstop 5.2A, Washington, DC, 20229-0001. Applications may be submitted until the start of the prototype and throughout the duration of the prototype. Parties interested in the ACS Reconciliation Prototype should consult the **Federal Register** notice (63 FR 6257) of February 6, 1998. All terms and conditions set forth in that notice remain in effect except to the extent they are specifically modified by this notice.

Dated: August 12, 1998.

Robert S. Trotter,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 98-22148 Filed 8-17-98; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Customs Service

[T.D. 98-69]

Recordation of Trade Name: "Ronson Consumer Products Corporation"

AGENCY: U.S. Customs Service, Department of the Treasury.

SUMMARY: On Friday, April 24, 1998, a notice of application for the recordation

Postal Service ZIP Codes 43901, 43907, 43917, and 43943, and includes the stations of East Cadiz (milepost 185), Kenwood (milepost 189), Adena (milepost 192), Dillonvale (milepost 199.9), and Warrenton (milepost 204).

The line does not contain federally granted rights-of-way. Any documentation in W&LE's possession will be made available promptly to those requesting it.

The interest of railroad employees will be protected by the conditions set forth in *Oregon Short Line R. Co.—Abandonment—Goshen*, 360 I.C.C. 91 (1979).

By issuance of this notice, the Board is instituting an exemption proceeding pursuant to 49 U.S.C. 10502(b). A final decision will be issued by October 19, 1999.

Any offer of financial assistance (OFA) under 49 CFR 1152.27(b)(2) will be due no later than 10 days after service of a decision granting the petition for exemption. Each offer must be accompanied by a \$1,000 filing fee. See 49 CFR 1002.2(f)(25).

All interested persons should be aware that, following abandonment of rail service and salvage of the line, the line may be suitable for other public use, including interim trail use. Any request for a public use condition under 49 CFR 1152.28 or for trail use/rail banking under 49 CFR 1152.29 will be due no later than August 10, 1999. Each trail use request must be accompanied by a \$150 filing fee. See 49 CFR 1002.2(f)(27).

All filings in response to this notice must refer to STB Docket No. AB-227 (Sub-No. 9X) and must be sent to: (1) Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, NW, Washington, DC 20423-0001; and (2) Christopher E.V. Quinn, Two Prudential Plaza, 45th Floor, 180 North Stetson Avenue, Chicago, IL 60601. Replies to the W&LE petition are due on or before August 10, 1999.

Persons seeking further information concerning abandonment procedures may contact the Board's Office of Public Services at (202) 565-1592 or refer to the full abandonment or discontinuance regulations at 49 CFR part 1152. Questions concerning environmental issues may be directed to the Board's Section of Environmental Analysis (SEA) at (202) 565-1545. [TDD for the hearing impaired is available at (202) 565-1695.]

An environmental assessment (EA) (or environmental impact statement (EIS), if necessary) prepared by SEA will be served upon all parties of record and upon any agencies or other persons who commented during its preparation.

Other interested persons may contact SEA to obtain a copy of the EA (or EIS). EAs in these abandonment proceedings normally will be made available within 60 days of the filing of the petition. The deadline for submission of comments on the EA will generally be within 30 days of its service.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

By the Board, David M. Konschnik,
Director, Office of Proceedings.

Decided: July 14, 1999.

Vernon A. Williams,
Secretary.

[FR Doc. 99-18505 Filed 7-20-99; 8:45 am]

BILLING CODE 4915-00-P

DEPARTMENT OF THE TREASURY

Customs Service

Modification of National Customs Automation Program Test Regarding Reconciliation

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: On February 6, 1998 and August 18, 1998, general notice documents were published in the **Federal Register** regarding the Customs Automated Commercial System (ACS) Reconciliation Prototype test. These documents announced, explained, and modified the prototype test. This notice serves to notify interested parties of two additional modifications to the prototype. The first allows downward adjustments on Aggregate Reconciliations, subject to certain conditions, and the second authorizes the use of a midpoint interest calculation method for Aggregate Reconciliations. All other aspects of the prototype remain the same.

EFFECTIVE DATES: The prototype testing period started on October 1, 1998. It will run for approximately two years from that date and may be extended. Applications to participate in the prototype will be accepted throughout the duration of the prototype. The effective date for use of the downward adjustment reporting option for Aggregate Reconciliations is July 21, 1999. Prototype participants may use that option for Aggregate Reconciliations filed on or after that date. The effective date for use of the midpoint interest calculation method is July 25, 1999. Prototype participants will use that method for Aggregate Reconciliations filed on or after that date.

ADDRESSES: Written inquiries regarding participation in the prototype test should be addressed to Ms. Shari McCann, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave. NW, Mailstop 5.2A, Washington, DC, 20229-0001.

FOR FURTHER INFORMATION CONTACT: Mr. Don Luther at (202) 927-0915 or Ms. Shari McCann at (202) 927-1106.

SUPPLEMENTARY INFORMATION:

Background

Reconciliation is the process which allows an importer, at the time of entry summary, to identify undeterminable information (other than that affecting admissibility) to Customs and provide that outstanding information at a later date. Reconciliation, a planned component of the National Customs Automation Program (NCAP), as provided for in Title VI (Subtitle B) of the North American Free Trade Agreement Implementation Act (the NAFTA Implementation Act; Pub. L. 103-182, 107 Stat. 2057 (December 8, 1993)), is currently being tested by Customs under the Customs Automated Commercial System (ACS) Prototype test.

Customs announced and explained the ACS Prototype test of reconciliation in a general notice document published in the **Federal Register** (63 FR 6257) on February 6, 1998. A notice published in the **Federal Register** (63 FR 44303) on August 18, 1998, announced clarifications and operational changes. This notice modifies the test by providing a downward adjustment option and a midpoint interest calculation method for Aggregate Reconciliations. Except for these particular modifications, all other aspects of the test remain the same.

The downward adjustment modification is an enhancement to the prototype test. The midpoint interest modification is authorized under the Miscellaneous Trade and Technical Corrections Act of 1999 (Pub. L. 106-36 (June 25, 1999)), which amended 19 U.S.C. 1505(c) (see section further below pertaining to the midpoint interest calculation method). Prototype participants should note that these modifications have different effective dates (see "Effective Dates" section) and both apply only to Aggregate Reconciliations. The Entry-by-Entry Reconciliation aspect of the prototype remains unchanged.

Aggregate Reconciliation for Decrease in Duties, Taxes, and Fees

As set forth in the **Federal Register** notice published on February 6, 1998

(63 FR 6257), there are two types of Reconciliations that may be filed:

(1) Entry-by-Entry Reconciliations, where adjustments for duties, taxes, and fees are shown for every entry being reconciled. Such Reconciliations may be used to report increases, decreases, or no change to the duties, taxes, and fees determined on the underlying entry summary (ies); and

(2) Aggregate Reconciliations for reporting absolute increases in duties, taxes, and fees, where reconciled adjustments are shown on an aggregate basis, rather than on an entry-by-entry basis.

The same **Federal Register** notice (63 FR 6257) described the term "absolute increase" to encompass only entry summaries that result in either an increase or no change in duties, taxes, and fees. Thus, prior to publication of this notice, only increases and no changes have been eligible for Aggregate Reconciliations.

In this notice, Customs announces an enhancement to the Aggregate Reconciliation option that has the effect of altering this limitation. Upon publication of this notice, participants in the prototype may now also use the Aggregate Reconciliation to report changes resulting in a decrease in duties, taxes, and fees (referred to as downward adjustments), provided that the participant waives any claim for a refund (of duties, taxes, and fees) and releases Customs from any such liability.

While upward and downward adjustments will be allowed on a single Aggregate Reconciliation, they will be reported in separate sections of the line

item data spreadsheet. Importers and other interested parties must be aware that the prohibition against netting remains in effect: decreases may NOT be netted against increases. For example, if a given product has two value issues, one resulting in an increase in value (and corresponding duties) and one resulting in a decrease in value (and corresponding duties), these two adjustments may not be offset against each other and reported as one line on the spreadsheet. They must be reported in separate sections of the spreadsheet, the increase adjustment as an increase for which additional duties will be tendered upon filing the Reconciliation and the downward adjustment as a decrease for which a refund is waived.

Downward adjustments, while reported on the spreadsheet, will not be reported on the Aggregate Reconciliation Header File in ACS. The Header File will be prepared without regard to decrease items, reflecting only increases in duties, taxes, and fees. In the event there are only decreases on the Aggregate Reconciliation, the Header File will be prepared as if the Reconciliation resulted in no change in duties, taxes, and fees.

Aggregate Reconciliations showing a decrease in duties, taxes, and fees will be liquidated as appropriate but without refund or reduction in duties, taxes, and fees otherwise due, since participants waive all claims for refunds due to downward adjustments.

The following certification must be included in the line item data spreadsheet of all Aggregate Reconciliations that report decreases. It contains the waiver, the release from

liability, and a pledge that the changes reported do not reflect netting:

The tariff items shown below are items for which the reconciliation adjustment resulted in a decrease in duties, taxes, and/or fees. On this Aggregate Reconciliation, we hereby declare these changes and acknowledge that we waive any claims for a refund of any monies due us as a result of these changes, release Customs of any liability for the refund, and certify that the changes shown below are not included elsewhere in the Reconciliation or netted against increases.

This certification must appear immediately before the listing of tariff items for which decreases are reported. It will separate the sections of the data spreadsheet, with absolute increases listed above and decreases listed below (see sample spreadsheet further below, showing increases, decreases, and the required certification).

The downward adjustment modification described above serves only to add another voluntary option for importers participating in the prototype test. It does not remove any other options. Importers wishing to obtain refunds for monies due them pursuant to reconciled information (downward adjustments that result in monies owed to the importer) may still do so via the Entry-by-Entry Reconciliation method.

Sample Spreadsheet

Below is an example of an Aggregate Reconciliation spreadsheet where increases and decreases are reported in separate sections. The downward adjustments are reported but not calculated in the Reconciliation Adjustment.

BILLING CODE 4820-02-P

			DURANT MOTOR CORP. -- RECONCILIATION DETAILS PERIOD: 10/1/1999 THRU 3/31/2000													
Rec.Line	Cal Year	Reason	Port	Origin	Original SPI	Rec. SPI	HTS	Original Quant.	Rec. Quant.	Original Value	Reconciled Value	Change in Value	Duty	Duty Change*	MPF	HMT
1	1999	Value		JP			4011101000			\$16,300,451	\$16,544,958	\$244,507	4.00%	\$9,780.28	\$513.46	\$305.63
2	2000	Value		JP			4011101000			\$5,751,916	\$5,838,195	\$86,279	4.00%	\$3,451.16	\$181.19	\$107.85
3	1999	Value		MX	MX	MX	5704900090			\$685,231	\$721,548	\$36,317	2.60%	\$944.24	\$61.74	\$0.00
4	2000	Value		MX	MX	MX	5704900090			\$623,966	\$657,036	\$33,070	2.60%	\$859.82	\$56.22	\$0.00
5	1999	Value		KR			7007110010			\$3,201,101	\$4,601,298	\$1,400,197	5.60%	\$78,411.03	\$2,940.41	\$1,750.25
6	2000	Value		KR			7007110010			\$2,604,538	\$3,015,562	\$411,024	5.60%	\$23,017.34	\$863.15	\$513.78
RECONCILIATION ADJUSTMENT														\$116,463.88	\$4,616.17	\$2,677.51
The tariff items shown below are items for which the reconciliation adjustment resulted in a decrease in duties, taxes and/or fees. On this Aggregate Reconciliation, we hereby declare these changes, and acknowledge that we waive any claims for a refund of any monies due us as a result of these changes, release Customs of any liability for the refund, and certify that the changes shown below are not included elsewhere in the Reconciliation or netted against increases.																
7	1999	Value		IT			8421905050			\$382,904	\$365,109	(\$17,795)				
8	2000	Value		TH			9018651021			\$104,926	\$99,423	(\$5,503)				

BILLING CODE 4820-02-C

Midpoint Interest Calculation for Aggregate Reconciliations

Section 1505(c) of Title 19, United States Code, provides for the accrual of interest on underpayments and excess deposits applicable to ordinary entries and Reconciliations (19 U.S.C. 1505(c)). Under the statute, interest accrues for underpayments of duties, fees, and interest from the date the importer of record is required to deposit estimated duties, fees, and interest to the date of liquidation or reliquidation of the entry or Reconciliation. Interest accrues on excess deposits from the date the importer of record deposits estimated duties, fees, and interest to the date of liquidation or reliquidation of the entry or Reconciliation. Thus, under the prototype test, interest accrues on all Reconciliations where monetary adjustments take place, whether the adjustments are increases (Entry-by-Entry or Aggregate Reconciliations) or decreases (Entry-by-Entry Reconciliations) in duties, taxes, and fees. If interest is due to Customs, the filer will pay the interest, along with duties, taxes, and fees, upon filing the Reconciliation.

The previously mentioned **Federal Register** notice of August 18, 1998 (63 FR 44303) indicated that Customs was seeking a statutory amendment to 19

U.S.C. 1505(c) to authorize use of an alternative midpoint interest calculation method, an alternative to the entry-by-entry interest calculation method described in the previous paragraph. On June 25, 1999, the Miscellaneous Trade and Technical Corrections Act of 1999 was signed into law (the Act) (Pub. L. 106-36, 113 Stat. 127 (June 25, 1999)). Under section 2418(e) of the Act (Title II, Subtitle B), section 1505(c) was amended to authorize, for purposes of the prototype test, an alternative midpoint interest calculation method based upon aggregate data. This amendment predicates this modification of the prototype test.

Under the midpoint interest calculation method, interest is calculated on the entire amount of adjusted duties, taxes, and fees as if they had been due on the midpoint date of the period covered by the Reconciliation. For example, if an Aggregate Reconciliation covers January 1, 1999, through December 31, 1999, and results in \$20,000 in increased revenue due to Customs, the interest would be calculated on that amount from the midpoint date of July 1, 1999. Interest would accrue from the midpoint date until the date the Reconciliation is filed with payment. The midpoint interest method will be used for Aggregate Reconciliations filed on or

after July 25, 1999. Such Aggregate Reconciliations may cover underlying entries filed during the period from October 1, 1998, through October 1, 2000, or the end of the prototype, whichever occurs first.

Prototype participants are reminded that they have the option of filing either an Aggregate Reconciliation or an Entry-by-Entry Reconciliation. As above, the midpoint interest calculation method will be used for Aggregate Reconciliations, and the entry-by-entry interest calculation method will be used for Entry-by-Entry Reconciliations. Under the entry-by-entry method, interest is calculated based on the monetary changes and dates associated with each underlying entry summary.

Prototype participants also are reminded that where a refund is claimed (on Entry-by-Entry Reconciliations), no interest calculations are required of the filer. Customs will calculate the interest due on the refund using the entry-by-entry method of calculation. For NAFTA Reconciliations, interest runs from the date the Reconciliation is filed until the date the Reconciliation is liquidated by Customs.

Conclusion

Regarding the prototype test generally, interested parties should

consult the **Federal Register** notices of February 6, 1998 (63 FR 6257) and August 18, 1998 (63 FR 44303). All terms and conditions set forth in those notices remain in effect, except as specifically modified by this notice.

Dated: July 16, 1999.

Charles W. Winwood,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 99-18560 Filed 7-20-99; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Customs Service

Quarterly IRS Interest Rates Used in Calculating Interest on Overdue Accounts and Refunds on Customs Duties

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This notice advises the public of the quarterly Internal Revenue Service interest rates used to calculate interest on overdue accounts (underpayments) and refunds (overpayments) of Customs duties. Due to recent legislation, the interest rate applicable to overpayments by corporations is now different than the interest rate for overpayments by non-corporations. For the quarter beginning July 1, 1999, the interest rates for

overpayments will be 7 percent for corporations and 8 percent for non-corporations, and the interest rate for underpayments will be 8 percent. This notice is published for the convenience of the importing public and Customs personnel.

EFFECTIVE DATE: July 1, 1999.

FOR FURTHER INFORMATION CONTACT:

Ronald Wyman, Accounting Services Division, Accounts Receivable Group, 6026 Lakeside Boulevard, Indianapolis, Indiana 46278, (317) 298-1200, extension 1349.

SUPPLEMENTARY INFORMATION:

Background

Pursuant to 19 U.S.C. 1505 and Treasury Decision 85-93, published in the **Federal Register** on May 29, 1985 (50 FR 21832), the interest rate paid on applicable overpayments or underpayments of Customs duties shall be in accordance with the Internal Revenue Code rate established under 26 U.S.C. 6621 and 6622. Section 6621 was recently amended (at paragraph (a)(1)(B) by the Internal Revenue Service Restructuring and Reform Act of 1998, Pub.L. 105-206, 112 Stat. 685) to provide different interest rates applicable to overpayments: one for corporations and one for non-corporations. The interest rate applicable to underpayments is not so bifurcated.

The interest rates are based on the short-term Federal rate and determined by the Internal Revenue Service (IRS) on behalf of the Secretary of the Treasury on a quarterly basis. The rates effective for a quarter are determined during the first-month period of the previous quarter.

In Revenue Ruling 99-27 (*see*, 1999-25 IRB 7, dated June 21, 1999), the IRS determined the rates of interest for the fourth quarter of fiscal year (FY) 1999 (the period of July 1—September 30, 1999). The interest rate paid to the Treasury for underpayments will be the short-term Federal rate (5%) plus three percentage points (3%) for a total of eight percent (8%). For corporate overpayments, the rate is the Federal short-term rate (5%) plus two percentage points (2%) for a total of seven percent (7%). For overpayments made by non-corporations, the rate is the Federal short-term rate (5%) plus three percentage points (3%) for a total of eight percent (8%). These interest rates are subject to change for the first quarter of FY-2000 (the period of October 1—December 31, 1999).

For the convenience of the importing public and Customs personnel the following list of Internal Revenue Service interest rates used, covering the period from before July of 1974 to date, to calculate interest on overdue accounts and refunds of Customs duties, is published in summary format.

Beginning date	Ending date	Under-payments (percent)	Over-payments (percent)	Corporate Overpayments (Eff. 1-1-99) (percent)
Prior to 070174	063075	6	6	
070175	013176	9	9	
020176	013178	7	7	
020178	013180	6	6	
020180	013182	12	2	
020182	123182	20	20	
010183	063083	16	16	
070183	123184	11	11	
010185	063085	13	13	
070185	123185	11	11	
010186	063086	10	10	
070186	123186	9	9	
010187	093087	9	8	
100187	123187	10	9	
010188	033188	11	10	
040188	093088	10	9	
100188	033189	11	10	
040189	093089	12	11	
100189	033191	11	10	
040191	123191	10	9	
010192	033192	9	8	
040192	093092	8	7	
100192	063094	7	6	
070194	093094	8	7	
100194	033195	9	8	
040195	063095	10	9	
070195	033196	9	8	
040196	063096	8	7	
070196	033198	9	8	

FOR FURTHER INFORMATION CONTACT: Beryl Gordon, (202) 565-1600. [TDD for the hearing impaired: (202) 565-1695.]

SUPPLEMENTARY INFORMATION: Tedesco Family Trust seeks authority to acquire control of six motor passenger carriers through the acquisition of all of their shares of voting stock. All six passenger carriers hold federally issued operating authority and provide either local commuter bus service and other regular-route operations, or special or charter operations, or a combination of both. Collectively, these carriers operate between New York, NY, and various points in New Jersey and Pennsylvania.

Under 49 U.S.C. 14303(b), we must approve and authorize a transaction we find consistent with the public interest, taking into consideration at least: (1) The effect of the transaction on the adequacy of transportation to the public; (2) The total fixed charges that result; and (3) The interest of affected carrier employees.

Applicant has submitted the information required by 49 CFR 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b). Specifically, applicant has shown that the common control of the six bus lines will have a positive effect on the adequacy of transportation to the public and will result in no increase in fixed charges and no changes in employment. *See* 49 CFR 1182.2(a)(7). Additional information may be obtained from applicant's representative.

On the basis of the application, we find that the proposed acquisition of control is consistent with the public interest and should be authorized. If any opposing comments are timely filed, this finding will be deemed vacated and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. *See* 49 CFR 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this decision will take effect automatically and will be the final Board action.

Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed acquisition of control is approved and authorized, subject to the filing of opposing comments.

2. If timely opposing comments are filed, the findings made in this decision will be deemed vacated.

3. This decision will be effective on February 14, 2000, unless timely opposing comments are filed.

4. A copy of this notice will be served on: (1) The U.S. Department of Transportation, Office of Motor Carrier Safety—HMCE-20, 400 Virginia Avenue, SW, Suite 600, Washington, DC 20024; (2) The U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, NW, Washington, DC 20530; and (3) The U.S. Department of Transportation, Office of the General Counsel, 400 7th Street, SW, Washington, DC 20590.

Decided: December 21, 1999.

By the Board, Chairman Morgan, Vice Chairman Clyburn, and Commissioner Burkes.

Vernon A. Williams,
Secretary.

[FR Doc. 99-33631 Filed 12-28-99; 8:45 am]

BILLING CODE 4915-00-P

DEPARTMENT OF THE TREASURY

Office of the Secretary

List of Countries Requiring Cooperation With an International Boycott

In order to comply with the mandate of section 999(a)(3) of the Internal Revenue Code of 1986, the Department of the Treasury is publishing a current list of countries which may require participation in, or cooperation with, an international boycott (within the meaning of section 999(b)(3) of the Internal Revenue Code of 1986).

On the basis of the best information currently available to the Department of the Treasury, the following countries may require participation in, or cooperation with, an international boycott (within the meaning of section 999(b)(3) of the Internal Revenue Code of 1986).

Bahrain
Iraq
Kuwait
Lebanon
Libya
Oman
Qatar
Saudi Arabia
Syria
United Arab Emirates
Yemen
Republic of

Dated: December 21, 1999.

Philip West,

International Tax Counsel (Tax Policy).

[FR Doc. 99-33783 Filed 12-28-99; 8:45 am]

BILLING CODE 4810-25-M

DEPARTMENT OF THE TREASURY

Customs Service

Modification of National Customs Automation Program Test Regarding Reconciliation

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: On February 6, 1998, a general notice was published in the **Federal Register** announcing the Customs Automated Commercial System (ACS) Reconciliation Prototype test. Additional notices announcing modifications to the prototype were published on August 18, 1998, and July 21, 1999. This notice serves to make further modifications, as well as to announce operational aspects of the prototype not covered in the previous notices. These changes include, among other things, making the filing of NAFTA Reconciliations optional and announcing a liquidated damages process for late-filed and non-filed Reconciliations. Other aspects of the prototype test not affected by the changes announced in this notice remain the same.

DATES: The prototype testing period started on October 1, 1998. It will run for approximately two years from that date and may be extended. Applications to participate in the prototype will be accepted throughout the duration of the prototype. The liquidated damages provision and the change regarding optional filing of NAFTA Reconciliations set forth in this notice are effective on the date this document is published in the **Federal Register**.

ADDRESS: Written inquiries regarding participation in the prototype test should be addressed to Ms. Shari McCann, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave. N.W., Mailstop 5.2A, Washington, DC, 20229-0001.

FOR FURTHER INFORMATION CONTACT: Mr. Don Luther at (202) 927-0915 or Ms. Shari McCann at (202) 927-1106.

SUPPLEMENTARY INFORMATION:

I. Administrative Procedure

Reconciliation, a planned component of the National Customs Automation Program (NCAP), as provided for in Title VI (Subtitle B) of the North American Free Trade Agreement Implementation Act (the NAFTA Implementation Act; Pub. L. 103-182, 107 Stat. 2057 (December 8, 1993)), is currently being tested by Customs under the Customs Automated Commercial System (ACS) Prototype test. Customs announced and explained the prototype

test (also referred to as the prototype or the test) in a general notice document published in the **Federal Register** (63 FR 6257) on February 6, 1998, which replaced all previous notices. A notice published in the **Federal Register** (63 FR 44303) on August 18, 1998, announced clarifications and operational changes. Further changes to the prototype were announced in a **Federal Register** (64 FR 39187) notice published on July 21, 1999. This notice announces additional changes. Except for the modifications herein specified, all other aspects of the test remain the same.

II. Background

Reconciliation is the process that allows an importer, at the time of entry summary, to identify undeterminable information (other than that affecting admissibility) to Customs and to provide that outstanding information at a later date. The means of providing that outstanding information at a later date is through the filing of a Reconciliation entry.

An importer indicates its intent to file a Reconciliation entry by "flagging" an entry summary and indicating which undeterminable issues will be covered and resolved in the Reconciliation. (The flagging is done electronically at the time of filing the entry summary. See the notice published in the **Federal Register** on August 18, 1998, for the two methods of flagging entry summaries: individual entry flag and blanket flag.) Later, the importer files the Reconciliation entry that resolves only the issues that were specified as undeterminable in the flagged entry summary. The issues that may be covered for later resolution in a Reconciliation are: (1) Value; (2) classification, on a limited basis; (3) value aspects of entries filed under heading 9802, Harmonized Tariff Schedule of the United States (HTSUS) (referred to as 9802 issues); and (4) merchandise entered under the North American Free Trade Agreement (NAFTA).

III. Filing of NAFTA Reconciliations Optional

A. Existing Requirements

As set forth in the **Federal Register** notice published on February 6, 1998, the flagging of an entry summary creates an obligation on the part of the importer to file a Reconciliation to resolve and close out the issue(s) specified. Reconciliations covering a NAFTA eligibility issue, which cannot include other issues, are due within 12 months of the earliest import date of all entry

summaries grouped on the Reconciliation. Reconciliations covering any of the other issues (alone or in combination) are due within 15 months of the earliest summary date of the entry summaries grouped on the Reconciliation.

B. Policy Discussion

The value, classification, and 9802 issues allowed under Reconciliation have a direct bearing on Customs ability to regulate the importation of merchandise and enforce the customs laws. For this reason, Customs will continue to require timely closure of these issues via timely filed Reconciliations and will issue liquidated damages claims against the importer in cases where this obligation is not met.

The function of NAFTA Reconciliations is to allow the importer to make a post-importation claim of NAFTA eligibility under 19 U.S.C. 1520(d), which requires the filing of a claim thereunder within one year of importation. If a NAFTA Reconciliation is not filed within the 12 months allowed under the prototype, it simply means that no post-importation NAFTA claim can be filed timely under the statute, as the one-year time limit provided under 19 U.S.C. 1520(d) will have expired.

Thus, the only consequence of a failure to file a NAFTA Reconciliation is the importer's loss of the benefit provided under the statute. By eliminating the formality of closing open NAFTA flags (entry summaries flagged to indicate the intended filing of a NAFTA Reconciliation) where no claims under 19 U.S.C. 1520(d) are being made, Customs hopes to further streamline the prototype and prevent unnecessary work by Customs personnel and the trade community.

C. Change in Requirement

Based on the foregoing policy considerations, upon publication of this notice, the filing of NAFTA Reconciliations (as opposed to Reconciliations covering other issues) will be optional. As before, importers wishing to make post-importation NAFTA claims under the Reconciliation process must do so via a timely filed NAFTA Reconciliation. However, as announced in this notice, NAFTA Reconciliations that are filed against flagged entry summaries past their 12-month deadline will simply not be accepted by Customs and liquidated damages claims will not be issued. Late-filed NAFTA Reconciliations may be refiled (electronically retransmitted) after removal of all entry summaries for

which the deadline has passed, and NAFTA claims may be made against those entry summaries that were still within the 12-month deadline at the time of original Reconciliation filing.

D. Effect on Drawback

As mentioned in the previous **Federal Register** notices, drawback claims may not be made against flagged entry summaries (open flags) until all issues have been closed by a Reconciliation. This restriction was built into Customs automated system to ensure proper financial controls under drawback. Thus, when a Reconciliation is not filed, the entry summary remains flagged and drawback is precluded.

Customs plans eventually to implement a mechanism to delete open NAFTA flags that are more than 12 months old (flagged entry summaries as to which the intended NAFTA Reconciliation was not filed). This will serve to enable drawback on those entry summaries flagged for NAFTA reconciliation that were not reconciled within the required 12 months. (Flagged entry summaries covering other issues will remain flagged until a Reconciliation is filed.)

The flag deletion capability for entry summaries flagged for NAFTA reconciliation will not be ready until spring, 2000. Until its implementation, drawback claims will not be accepted where NAFTA Reconciliations were not filed for flagged entry summaries. Customs will notify filers when the flag deletion capability has been implemented. Reconciliations for NAFTA may still be filed timely, either with or without NAFTA claims being made, which will enable drawback on the entry summaries without delay.

IV. Definition of Reconciliation Filing Date

As described in the previous **Federal Register** notices, the Reconciliation entry comprises three components: the Header, the Association File, and the Summarized Line Item Data Spreadsheet. In order for a Reconciliation entry to be considered filed, all three of these components must be received by the Customs processing port assigned to the importer. Additionally, for NAFTA Reconciliations where NAFTA claims are being made, the statements specified in 19 CFR 181.32 are required. Accordingly, the actual filing date for each Reconciliation is the date when all of these required elements have been properly presented to Customs. This actual filing date will be used for determining whether Reconciliations were filed timely.

V. Liquidated Damages for Failure To File Reconciliations Timely

As described in this notice (subsection (C) of Section I), the filing of NAFTA Reconciliations is now optional. Accordingly, the liquidated damages provisions in this section apply only to value, classification, and 9802 Reconciliations. They do not apply to NAFTA Reconciliations.

A. Requirements

As described above and in the **Federal Register** notice of February 6, 1998, the flagging of an entry summary creates an obligation on the part of the importer to file a Reconciliation within the allotted time, covering the flagged issue(s) on that entry summary. This notice removes the obligation to reconcile NAFTA eligibility for entry summaries flagged for that issue.

Each entry summary flagged for value, classification, and/or 9802 issues must be covered by a Reconciliation filed prior to the due date, 15 months from the earliest entry summary date of the underlying entry summaries. Up to 9,999 underlying entry summaries may be covered by a single Reconciliation. If any one of the underlying entry summaries' due dates has passed prior to Reconciliation filing, the entire Reconciliation is considered late. However, the importer and filer have discretion to determine which and how many entry summaries are grouped on a Reconciliation, regardless of the flagging method and timing involved in the original flagging of those entry summaries.

B. Liquidated Damages for Non-Filed and Late-Filed Reconciliations

The obligation to file Reconciliations created by the flagging of entry summaries carries liquidated damages implications for failure to do so timely. Each flagged entry summary remains an independent entity until reconciled. Customs has no way of knowing which entry summaries will be covered by a single Reconciliation until one is actually filed. Once the Reconciliation has been filed, the universe of entry summaries covered by it is established. Moreover, the Reconciliation is an entry in its own right and has the same legal status as other Customs entries. For these reasons, late-filing and non-filing of Reconciliations will be dealt with using different mechanisms.

C. Liquidated Damages Mechanisms

1. "No File" Liquidated Damages

Periodically, Customs will perform research to identify flagged entries that were not reconciled timely (within 15

months of their date). In cases where flagged entry summaries are found to have not been covered by a Reconciliation, Customs will issue a single "No File" liquidated damages claim against the importer of record for all unreconciled flagged entries past their due dates for the calendar month. Subsequent filing of Reconciliations to cover entries on this monthly consolidated liquidated damages report will result in mitigation of the initial liquidated damages claim.

2. "Late File" Liquidated Damages

In cases where flagged entry summaries are found to have been covered by a Reconciliation that was filed late, Customs will issue a single "Late File" liquidated damages claim against the Reconciliation entry itself (as opposed to a claim against the importer that covers the calendar month, as in the case of "No File" liquidated damages claims). This mechanism applies also to Reconciliations, filed timely or not, where payment of additional monies (duties, taxes, fees, and interest) due is made late or not at all.

3. Where Liquidated Damages Claims Are Processed

Each importer participating in the ACS Reconciliation Prototype is assigned to a particular Reconciliation processing port. Liquidated damages claims involving Reconciliation will always be processed by the Reconciliation processing port. This is true regardless of the port(s) where the underlying entry summaries were filed.

D. Summary of Liquidated Damages Claims

There are five different types of liquidated damages violations under the ACS Reconciliation Prototype. The descriptions, assessed liquidated damages amounts, and "option 1" amounts are shown below. "Option 1" refers to the option where importers may agree to pay a reduced amount, but waive rights to mitigate the claim below that amount. The term "money" in this listing refers to the additional duties, taxes, fees, and interest due upon Reconciliation.

1. Reconciliation No File

Description: Entry summaries flagged, but no Reconciliation filed. Customs will issue a single consolidated liquidated damages claim for all such instances for a given importer, per month, per surety. (For example, if an importer had flagged entry summaries covered by two sureties during one month, two separate consolidated liquidated damages claims would be

issued, one covering entry summaries insured by one surety and the other covering entry summaries insured by the second surety.)

Assessed Liquidated Damages Amount: Total entered value of the underlying entry(ies).

Option 1 Amount: Not Applicable.

2. Reconciliation Money No File

Description: Reconciliation filed timely, but without payment of additional duties, taxes, fees, and interest due.

Assessed Amount: \$1,000 or double the duties, taxes, and fees due on the Reconciliation, whichever is greater.

Option 1 Amount: Not Applicable.

3. Reconciliation Late File

Description: Reconciliation filed and paid after the 15-month deadline.

Assessed Amount: \$1,000 or double the duties, taxes, fees, and interest, if applicable, due on the Reconciliation, whichever is greater.

Option 1 Amount: \$500+(Total duties, taxes, fees, and interest, if applicable, due on Reconciliation×number of days late×0.1%).

4. Reconciliation Money Late File

Description: Reconciliation filed timely, but payment of additional duties, taxes, fees, and interest due submitted late.

Assessed Amount: \$1,000 or double the duties, taxes, fees, and interest due on the Reconciliation, whichever is greater.

Option 1 Amount: \$500+(Total duties, taxes, fees, and interest due on Reconciliation×number of days payment is late×0.1%).

5. Reconciliation Late File with Money No File

Description: Reconciliation filed late, without payment of duties, taxes, fees, and interest due.

Assessed Amount: \$1,000 or double the duties, taxes, and fees due on the Reconciliation, whichever is greater.

Option 1 Amount: Not Applicable.

E. Surety Issues

The liquidated damages claims that result from failure to file Reconciliations or filing them untimely may be for substantial amounts. Failure to resolve these claims could saturate the importer's continuous bond. Thus, in certain circumstances, importers may be required to submit single entry bonds for further entry summaries or make live entry with payment to secure release of merchandise.

VI. Courtesy Notification of Impending Due Dates

Because of the serious consequences involved in not filing Reconciliations

timely, Customs has been providing importers with lists of their flagged entry summaries upon request. However, workload considerations make this practice unsustainable. While the tracking and timely reconciliation of flagged entry summaries is solely the responsibility of the importer and filer, Customs appreciates the logistical burden of this task. For this reason, Customs is currently developing an Internet-based lookup system, where interested filers and importers can obtain the list of flagged entry summaries that are coming due in the upcoming months (referring to the Reconciliation filing due date (or deadline)). This system will provide entry summary numbers sorted two ways: by filer code and by an encrypted

version of the importer of record number, which will be made available to the importer.

Importers who prefer that their entry numbers and flag codes not be made available via this mechanism may opt out by sending written notification to that effect to the Reconciliation Team at the address shown in the **ADDRESS** section of this notice. Such written notifications must be received by January 31, 2000.

It is anticipated that this lookup system will be operational in spring, 2000. In the interim, the Reconciliation team will continue to provide filers with monthly lists of flagged entries coming due during the following month. Importers and filers retain the right to request data from Customs under the authority of the Freedom of Information

Act (FOIA), for which monetary charges may be assessed.

VII. Conclusion

Regarding the ACS Reconciliation Prototype test generally, interested parties should consult the **Federal Register** notices of February 6, 1998 (63 FR 6257), August 18, 1998 (63 FR 44303), and July 21, 1999 (64 FR 39187). All terms and conditions set forth in those notices remain in effect, except as specifically modified or affected by this notice.

Dated: December 23, 1999.

Charles W. Winwood,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 99-33809 Filed 12-28-99; 8:45 am]

BILLING CODE 4820-02-P

Estimated Burden Hours Per Respondent/Recordkeeper: 17 minutes.
Frequency of Response: On occasion.
Estimated Total Reporting/Recordkeeping Burden: 97,583 hours.

OMB Number: 1545-1504.
Form Number: IRS Form 911.
Type of Review: Extension.
Title: Application for Taxpayer Assistance Order (TAO).

Description: This form is used by taxpayers to apply for relief from a significant hardship which may have already occurred or is about to occur if the IRS takes or fails to take certain actions. This form is submitted to the IRS Taxpayer Advocate Office in the state or city where the taxpayer lives.

Respondents: Individuals or households, business or other for-profit, not-for-profit institutions, farms, State, Local or Tribal Government.

Estimated Number of Respondents: 93,000.

Estimated Burden Hours Per Respondent/Recordkeeper: 30 minutes.
Frequency of Response: On occasion.
Estimated Total Reporting/Recordkeeping Burden: 34,960 hours.
Clearance Officer: Garrick Shear, Internal Revenue Service, Room 5244, 1111 Constitution Avenue, NW, Washington, DC 20224.

OMB Reviewer: Alexander T. Hunt (202) 395-7860, Office of Management and Budget, Room 10202, New Executive Office Building, Washington, DC 20503.

Lois K. Holland,
Departmental Reports Management Officer.
 [FR Doc. 00-14411 Filed 6-7-00; 8:45 am]
 BILLING CODE 4830-01-U

DEPARTMENT OF THE TREASURY

Customs Service

Evaluation of and Request for Comments Regarding the Reconciliation Prototype

AGENCY: Customs Service, Treasury.
ACTION: General notice: Solicitation of comments from prototype participants.

SUMMARY: This document requests comments, via participation in a voluntary survey, on the Reconciliation Prototype for the purpose of evaluation and possible revision or expansion of the prototype.

DATES: Surveys must be received by July 10, 2000.

ADDRESSES: For those able to use the electronic survey format, the survey form is available at <http://www.customs.gov/recon>. Electronic

survey responses should be emailed to: Recon.help@customs.treas.gov. For those without access to the internet, contact the following for a hard copy of the survey: U.S. Customs Service, 1300 Pennsylvania Ave., NW, Room 5.2A, Washington, DC 20229-0001, ATTN: Mr. Don Luther or Ms. Shari McCann, Reconciliation Team. Hard copy survey responses should be faxed to the Headquarters Reconciliation Team at (202) 927-1096.

FOR FURTHER INFORMATION CONTACT: Ms. Shari McCann at (202) 927-1106 or Mr. Don Luther at (202) 927-0915.

SUPPLEMENTARY INFORMATION: Customs announced and explained the Automated Commercial System (ACS) Prototype Test of Reconciliation in a general notice document published in the *Federal Register* (63 FR 6257) on February 6, 1998. Changes and clarifications to the prototype were announced in *Federal Register* documents published on August 18, 1998 (63 FR 44303), July 21, 1999 (64 FR 39187), and December 29, 1999 (64 FR 73121). Additional information regarding the Reconciliation Prototype can be found at <http://www.customs.gov/recon>.

The *Federal Register* notice of February 6, 1998, entitled "Revised National Customs Automation Program Test Regarding Reconciliation," provided for evaluation of the prototype and strongly encouraged that participants participate in the evaluation process. It set forth various evaluation methods, including the use of questionnaires (surveys). Customs has prepared a survey form that is available at <http://www.customs.gov/recon>. For those without access to the internet, a survey can be obtained by contacting the following for a hard copy: U.S. Customs Service, 1300 Pennsylvania Ave., NW, Room 5.2A, Washington, DC 20229-0001, ATTN: Mr. Don Luther or Ms. Shari McCann, Reconciliation Team.

This notice requests comments from participants through the survey. Participants should email electronic survey responses to the following address by July 10, 2000: Recon.help@customs.treas.gov. Hard copy survey responses should be faxed to the Headquarters Reconciliation Team at (202) 927-1096. Survey responses will be compiled and used to evaluate the prototype. Results of the survey evaluation will be published in the *Federal Register*, along with any changes or modifications made to the prototype as suggested by the evaluation.

Dated: June 5, 2000.
 Robert J. McNamara,
Acting Assistant Commissioner, Office of Field Operations.
 [FR Doc. 00-14509 Filed 6-7-00; 8:45 am]
 BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Customs Service

[T.D. 00-15]

Application of Producers' Good Versus Consumers' Good Test in Determining Country of Origin Marking

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final interpretation; extension of delayed effective date.

SUMMARY: On March 14, 2000, Customs published as T.D. 00-15 a notice setting forth a final interpretation stating that Customs would no longer rely on the distinction between producers' goods and consumers' goods in making country of origin marking determinations. The notice prescribed a delayed effective date of June 12, 2000, for the final interpretation. The effective date was applicable to pipe fittings and flanges produced in the United States from imported forgings except for those which were the subject of a ruling subject to the procedure specified in 19 U.S.C. 1625. This document advises the public that the delayed effective date period for pipe fittings and flanges is being extended by an additional 90 days.

DATES: This extension is effective June 8, 2000. T.D. 00-15 is applicable to pipe fittings and flanges on or after September 11, 2000.

FOR FURTHER INFORMATION CONTACT: Monika Brenner, Attorney, Special Classification and Marking Branch, Office of Regulations and Rulings (202-927-1254).

SUPPLEMENTARY INFORMATION:

Background

On March 14, 2000, Customs published in the *Federal Register* (65 FR 13827) T.D. 00-15 a notice setting forth a final interpretation that adopted a previously published proposal to the effect that Customs would no longer rely on the producers' good to consumers' good test of *Midwood Industries Inc. v. United States*, 313 F.Supp. 951 (Ct. 1970), in determining whether a substantial transformation of an imported good has occurred for purposes of making a country of origin determination under the Customs

into the United States unless NHTSA has decided that the motor vehicle is substantially similar to a motor vehicle originally manufactured for importation into and sale in the United States, certified under 49 U.S.C. 30115, and of the same model year as the model of the motor vehicle to be compared, and is capable of being readily altered to conform to all applicable Federal motor vehicle safety standards.

Petitions for eligibility decisions may be submitted by either manufacturers or importers who have registered with NHTSA pursuant to 49 CFR part 592. As specified in 49 CFR 593.7, NHTSA publishes notice in the **Federal Register** of each petition that it receives, and affords interested persons an opportunity to comment on the petition. At the close of the comment period, NHTSA decides, on the basis of the petition and any comments that it has received, whether the vehicle is eligible for importation. The agency then publishes this decision in the **Federal Register**.

J.K. Technologies LLC of Baltimore, Maryland ("J.K.") (Registered Importer 90-006) has petitioned NHTSA to decide whether nonconforming 1996-1998 Ferrari F355 passenger cars are eligible for importation into the United States. The vehicles which J.K. believes are substantially similar are 1996-1998 Ferrari F355 passenger cars that were manufactured for importation into, and sale in, the United States and certified by their manufacturer as conforming to all applicable Federal motor vehicle safety standards.

The petitioner claims that it carefully compared non-U.S. certified 1996-1998 Ferrari F355 passenger cars to their U.S.-certified counterparts, and found the vehicles to be substantially similar with respect to compliance with most Federal motor vehicle safety standards.

J.K. submitted information with its petition intended to demonstrate that non-U.S. certified 1996-1998 Ferrari F355 passenger cars, as originally manufactured, conform to many Federal motor vehicle safety standards in the same manner as their U.S. certified counterparts, or are capable of being readily altered to conform to those standards.

Specifically, the petitioner claims that non-U.S. certified 1996-1998 Ferrari F355 passenger cars are identical to their U.S. certified counterparts with respect to compliance with Standard Nos. 102 *Transmission Shift Lever Sequence** * *, 103 *Defrosting and Defogging Systems*, 104 *Windshield Wiping and Washing Systems*, 105 *Hydraulic Brake Systems*, 106 *Brake Hoses*, 109 *New Pneumatic Tires*, 113

Hood Latch Systems, 116 *Brake Fluid*, 124 *Accelerator Control Systems*, 202 *Head Restraints*, 204 *Steering Control Rearward Displacement*, 205 *Glazing Materials*, 206 *Door Locks and Door Retention Components*, 207 *Seating Systems*, 209 *Seat Belt Assemblies*, 210 *Seat Belt Assembly Anchorages*, 212 *Windshield Retention*, 216 *Roof Crush Resistance*, 219 *Windshield Zone Intrusion*, 301 *Fuel System Integrity*, and 302 *Flammability of Interior Materials*.

Petitioner also contends that the vehicles are capable of being readily altered to meet the following standards, in the manner indicated:

Standard No. 101 *Controls and Displays*: (a) Substitution of a lens marked "Brake" for a lens with a noncomplying symbol on the brake failure indicator lamp; (b) replacement of the speedometer with one calibrated in miles per hour. The petitioner states that all other placards in the dash will be changed for ease of identification by the driver, and that in most instances, the entire instrument cluster will be replaced with a U.S.-model component.

Standard No. 108 *Lamps, Reflective Devices and Associated Equipment*: (a) Installation of U.S.-model headlamps and front sidemarker lamps; (b) Installation of U.S.-model taillamp assemblies which incorporate rear sidemarker lights; (c) installation of a U.S.-model high mounted stop lamp on vehicles that are not already so equipped.

Standard No. 110 *Tire Selection and Rims*: installation of a tire information placard.

Standard No. 111 *Rearview Mirror*: replacement of the passenger side rearview mirror with a U.S.-model component.

Standard No. 114 *Theft Protection*: installation of a key microswitch and a warning buzzer.

Standard No. 118 *Power Window Systems*: installation of a relay in the power window system so that the window transport is inoperative when the ignition is switched off.

Standard No. 201 *Occupant Protection in Interior Impact*: inspection of all vehicles and replacement of components subject to standard with U.S. model components on vehicles that are not already so equipped.

Standard No. 208 *Occupant Crash Protection*: (a) Installation of a safety belt warning buzzer, wired to the driver's seat belt latch; (b) replacement of the driver's and passenger's side air bags, control units, sensors, seat belts and knee bolsters with U.S.-model components on vehicles that are not already so equipped. The petitioner states that the vehicles are equipped at

the front and rear outboard seating positions with combination lap and shoulder belts that are self tensioning and capable of being released by means of a single red push-button.

Standard No. 214 *Side Impact Protection*: installation of U.S.-model doorbars in vehicles that are not already so equipped.

Additionally, the petitioner states that small braces must be added to the corner areas of non-U.S. certified 1996-1998 Ferrari F355 passenger cars to comply with the Bumper Standard found in 49 CFR part 581.

The petitioner also states that a vehicle identification plate must be affixed to the vehicle near the left windshield post and a reference and certification label must be affixed in the area of the left front door post to meet the requirements of 49 CFR part 565.

Interested persons are invited to submit comments on the petition described above. Comments should refer to the docket number and be submitted to: Docket Management, Room PL-401, 400 Seventh St., SW., Washington, DC 20590. [Docket hours are from 9 am to 5 pm]. It is requested but not required that 10 copies be submitted.

All comments received before the close of business on the closing date indicated above will be considered, and will be available for examination in the docket at the above address both before and after that date. To the extent possible, comments filed after the closing date will also be considered. Notice of final action on the petition will be published in the **Federal Register** pursuant to the authority indicated below.

AUTHORITY: 49 U.S.C. 30141(a)(1)(A) and (b)(1); 49 CFR 593.8; delegations of authority at 49 CFR 1.50 and 501.8.

Issued on: September 8, 2000.

Marilynne Jacobs,
Director, Office of Vehicle Safety Compliance.
[FR Doc. 00-23469 Filed 9-12-00; 8:45 am]

BILLING CODE 4910-59-P

DEPARTMENT OF THE TREASURY

Customs Service

Extension of the ACS Reconciliation Prototype

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This document announces that the Automated Commercial System (ACS) Reconciliation Prototype is being extended indefinitely. The prototype will continue to operate in accordance with the notice published in the **Federal**

Register on February 6, 1998, as modified by the notices published in the **Federal Register** on August 18, 1998; July, 21, 1999; and December 29, 1999.

ADDRESSES: Written comments regarding this notice and or applications to participate in the prototype should be addressed to the Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave., NW., Room 5.2A, Washington, DC 20229-0001, ATTN: Mr. John Leonard.

FOR FURTHER INFORMATION CONTACT: John Leonard: (202) 927-0915 or Sandra Chilcoat: (202) 927-0032.

SUPPLEMENTARY INFORMATION: Customs announced and explained the ACS prototype test of reconciliation in a general notice document published in the **Federal Register** (63 FR 6257) on February 6, 1998. Changes and clarifications to the prototype were announced in **Federal Register** documents published on August 18, 1998 (63 FR 44303), July 21, 1999 (64 FR 39187), and December 29, 1999 (64 FR 73121). On June 8, 2000, Customs published a notice in the **Federal Register** (65 FR 36505) requesting comments and evaluations regarding the prototype. Customs examination of the responses is continuing and results will be published in the **Federal Register**.

This document announces that the prototype, originally limited to consumption entries filed through September 30, 2000, will be extended until further notice. Once Customs determines to end the prototype, reasonable notice of the new expiration date will be published in the **Federal Register**. The prototype will continue to operate in accordance with the notice published in the **Federal Register** on February 6, 1998, as modified by the notices published in the **Federal Register** on August 18, 1998; July, 21, 1999; and December 29, 1999. As previously announced, applications to participate in the prototype will be accepted throughout its duration. Additional information regarding the prototype can be found at <http://www.customs.gov/recon>.

Dated: September 7, 2000.

Bonni G. Tischler,

Assistant Commissioner, Office of Field Operations

[FR Doc. 00-23411 Filed 9-12-00; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Customs Service

Fees for Customs Services at User Fee Airports

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This document advises the public of an increase in the fees charged user fee airports by Customs for providing Customs services at these designated facilities. The fees are based on actual costs incurred by Customs in purchasing equipment and providing training and one Customs inspector on a full-time basis, and, thus, merely represent reimbursement to Customs for services rendered. The fees to be increased are the initial fee charged for a user fee airport's first year after it signs a Memorandum of Agreement with Customs to become a user fee airport, and the annual fee thereafter charged user fee airports.

EFFECTIVE DATE: The new fees will be effective October 1, 2000, and will be reflected in quarterly, user fee airport billings issued on or after that date.

FOR FURTHER INFORMATION CONTACT: April Hovey Conti, Office of Finance, (202) 927-2014.

SUPPLEMENTARY INFORMATION:

Background

Section 236 of the Trade and Tariff Act of 1984 (Pub. L. 98-573, 98 Stat. 2992) (codified at 19 U.S.C. 58b), as amended, authorizes the Secretary of the Treasury to make Customs services available and charge a fee for the use of such services at certain specified airports and at any other airport, seaport, or other facility designated by the Secretary pursuant to specified criteria. (The list of user fee airports is found at § 122.15 of the Customs Regulations (19 CFR 122.15).) The fee that is charged is an amount equal to the expenses incurred by the Secretary in providing the Customs services at the designated facility, which includes purchasing equipment and providing training and inspectional services, *i.e.*, the salary and expenses of individuals employed by the Secretary to provide the Customs services, and, thus, merely represents reimbursement to Customs for services rendered. The fees being raised are the initial fee charged for a user fee airport's first year after it signs a Memorandum of Agreement with Customs to become a user fee airport (currently set at \$111,500), and the annual fee thereafter charged user fee airports (currently set at \$80,000). The notice establishing the current user fee

rates was published in the **Federal Register** on July 8, 1999 (64 FR 36969).

The user fees charged a user fee airport are typically set forth in a Memorandum of Agreement between the user fee facility and Customs. While the amount of these fees are agreed to be at flat rates, they are adjustable, as costs and circumstances change.

Adjustment of User Fee Airport Fees

As of May 31, 2000, Customs has determined that, in order for the user fee charged to actually reimburse Customs for services provided, the initial fee must be increased from \$111,500 to \$117,600, and the recurring annual fee subsequently charged must be increased from \$80,000 to \$84,500. The new fees will be effective October 1, 2000, and will be reflected in quarterly, user fee airport billings issued on or after that date.

Dated: September 8, 2000.

Wayne Hamilton,

Assistant Commissioner, Office of Finance.

[FR Doc. 00-23537 Filed 9-12-00; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Proposed Collection; Comment Request for Form 706-GS(T)

AGENCY: Internal Revenue Service (IRS), Treasury

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning Form 706-GS(T), Generation-Skipping Transfer Tax Return For Terminations.

DATES: Written comments should be received on or before October 13, 2000 to be assured of consideration.

ADDRESSES: Direct all written comments to Garrick R. Shear, Internal Revenue Service, room 5244, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT: Requests for additional information or copies of the form and instructions should be directed to Carol Savage, (202) 622-3945, Internal Revenue

metropolitan area will be responsible for paying long distance charges.

The public must make arrangements by March 16 to present oral statements at the meeting. Written statements may be presented to the committee at any time by providing 25 copies to the Assistant Executive Director for Occupant Safety issues or by providing copies at the meeting. Copies of the documents to be presented to ARAC for decision or as recommendations to the FAA may be made available by contacting the person listed under the heading **FOR FURTHER INFORMATION CONTACT**.

If you are in need of assistance or require a reasonable accommodation for the meeting or meeting document, please contact the person listed under the heading **FOR FURTHER INFORMATION CONTACT**. Sign and oral interpretation, as well as listening device, can be made available if requested 10 calendar days before the meeting.

Issued in Washington, DC on March 7, 2001.

Tony F. Fazio,

Director, Office of Rulemaking.

[FR Doc. 01-6234 Filed 3-12-01; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

RTCA Special Committee 189/ EUROCAE Working Group 53; Air Traffic Services Safety and Interoperability Requirements

Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463, 5 U.S.C., Appendix 2), notice is hereby given for a joint Special Committee (SC)-189/EUROCAE Working Group (WG)-53 meeting to be held April 2-6, 2001, starting at 9:00 a.m. each day. The meeting will be held at the Portofino Hotel, Portofino Way, Redondo Beach, CA.

The agenda will include: Monday, April 2: Plenary Session Convened at 9:00 a.m.: (1) Welcome and Introductory Remarks; (2) Review Meeting Agenda; (3) Review Previous Meeting Minutes; (4) Sub-Group and Related Reports; (5) Position Papers Planned for Plenary Agreement; (6) SC-189/WG-53 Co-Chair Progress Report. Tuesday, April 3 through Thursday, April 5: (7) Sub-group Meetings. Friday, April 6: Plenary Session: (8) Introductory Remarks; (9) Review Meeting Agenda; (10) Review of Preliminary Meeting Minutes; (11) Sub-Group and Related Reports; (12) Position Papers Planned for Plenary Agreement; (13) SC-189/WG-53 Co-

Chair Progress Report; (14) Other Business; (15) Date and Location of Next Meeting; (16) Closing.

Attendance is open to the interested public but limited to space availability. With the approval of the chairmen, members of the public may present oral statements at the meeting. Persons wishing to present statements or obtain information should contact the RTCA Secretariat, 1140 Connecticut Avenue, NW., Suite 1020, Washington, DC 20036; (202) 833-9433 (phone), (202) 833-9434 (fax), or by <http://www.rtca.org> (web site). Members of the public may present a written statement to the committee at any time.

Janice L. Peters,

Designated Office.

[FR Doc. 01-6237 Filed 3-2-01; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

RTCA Special Committee 160; Minimum Operational Performance Standards for 406MHz Emergency Locator Transmitters (ELT)

Pursuant to section 10(a)(2) of the Federal Advisory Committee Act (Pub. L. 92-463, 5 U.S.C., appendix 2), notice is hereby given for Special Committee (SC)-160 meeting to be held April 3, 2001, starting at 9:00 a.m. The meeting will be held at the RTCA Inc., 1140 Connecticut Ave., NW, Suite 1020, Washington, DC 20036.

The agenda will include: (1) Welcome and Introductory Remarks; (2) Review Meeting Agenda; (3) History of Cospas-Sarsat and Review of new 406.028 MHz frequency recommendation—NOAA; (4) Review and Approve Proposed Change 3 to RTCA DO-204, Paper No. 054-01/SC 160-003, (5) Other Business; (6) Date and Location of Next Meeting; (7) Closing.

Attendance is open to the interested public but limited to space availability. With the approval of the chairman, members of the public may present oral statements at the meeting. Persons wishing to present statements or obtain information should contact the RTCA Secretariat, 1140 Connecticut Avenue, NW., Suite 1020, Washington, DC, 20036; (202) 833-9339 (phone); (202) 833-9434 (fax), or by <http://www.rtca.org> (web site). Members of the public may present a written statement to the committee at any time.

Issued in Washington, DC, on March 5, 2001.

Janice L. Peters,

Designated Official.

[FR Doc. 01-6236 Filed 3-12-01; 8:45 am]

BILLING CODE 4910-13-M

DEPARTMENT OF THE TREASURY

Customs Service

Modification of National Customs Automation Program Test Regarding Reconciliation

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This document announces several changes to the Customs Automated Commercial System (ACS) Reconciliation prototype test. They include a reduction of data required for "no-change" Aggregate Reconciliation entries, a new fee-for-service procedure for requesting reports of flagged entries, a modification of the liquidated damages provision, and a new diskette labeling procedure. In addition, the document discusses the continued use of the midpoint interest calculation for Aggregate Reconciliations. Other aspects of the prototype test not affected by the changes announced in this document remain the same.

DATES: The two year prototype testing period commenced on October 1, 1998, and was extended indefinitely starting October 1, 2000. Applications to participate in the prototype will be accepted throughout the duration of the test. The modification of the test's liquidated damages provision and the new diskette labeling procedure set forth in this document are effective on March 13, 2001. The effective date relative to the test's reduced data requirement for no-change Aggregate Reconciliation entries and the fee-for-service procedure for flagged entry reports will be announced soon after publication of this document via an Automated Broker Interface (ABI) administrative message.

ADDRESSES: Written inquiries regarding participation in the prototype test should be addressed to Mr. John Leonard, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave. NW, Room 5.2A, Washington, D.C. 20229-0001.

FOR FURTHER INFORMATION CONTACT: Mr. John Leonard at (202) 927-0915 or Ms. Sandra Chilcoat at (202) 927-0032.

SUPPLEMENTARY INFORMATION:**Background**

Reconciliation, a planned component of the National Customs Automation Program (NCAP), as provided for in Title VI (Subtitle B) of the North American Free Trade Agreement Implementation Act (the NAFTA Implementation Act; Pub. L. 103-182, 107 Stat. 2057 (December 8, 1993)), is currently being tested by Customs under the Customs Automated Commercial System (ACS) Prototype Test (also referred to as the prototype, test, or prototype test). Customs announced and explained the prototype test in a general notice document published in the **Federal Register** (63 FR 6257) on February 6, 1998, which replaced all previous notices. Clarifications and operational changes were announced in three subsequent **Federal Register** notices published on August 18, 1998 (63 FR 44303), July 21, 1999 (63 FR 39187), and December 29, 1999 (64 FR 73121). A **Federal Register** (65 FR 55326) notice published on September 13, 2000, extended the prototype indefinitely. For application requirements, see 63 FR 6257 and 63 FR 44303. Additional information regarding the prototype can be found at <http://www.customs.gov/recon>.

This document announces additional changes to the prototype. Except for these modifications, all other aspects of the prototype remain the same.

Reconciliation is the process that allows an importer, at the time an entry summary is filed, to identify undeterminable information (other than that affecting admissibility) to Customs and to provide that outstanding information at a later date. The importer identifies the outstanding information by means of an electronic "flag" which is placed on the entry summary at the time the entry summary is filed and payment is made. The kinds of information for which an entry summary may be "flagged" (for the purpose of later reconciliation) are limited and relate to: (1) value issues; (2) classification issues, on a limited basis; (3) "9802 issues," those concerning value aspects of entries filed under heading 9802, Harmonized Tariff Schedule of the United States (HTSUS); and (4) NAFTA issues, those concerning merchandise entered under the North American Free Trade Agreement (NAFTA). The flagged entry summary (the underlying entry summary) is liquidated for all aspects of the entry except those issues that were flagged. The means of providing the outstanding information at a later date is through the filing of a Reconciliation entry. The

flagged issues will be liquidated at the time the Reconciliation entry is liquidated. (See the February 6, 1998, **Federal Register** notice for a more detailed presentation of the basic Reconciliation process.)

Aggregate Reconciliation Entries and Reduced Data Requirements for No-Change Aggregate Reconciliation Entries

Aggregate Reconciliations Generally

The **Federal Register** notice published on February 6, 1998, set forth the two kinds of Reconciliation entries: (1) An Aggregate Reconciliation entry (or Aggregate Reconciliation) contains a list of the underlying entry summaries affected and the aggregate revenue adjustment relative to those underlying entry summaries; (2) the Entry-by-Entry Reconciliation entry (or Entry-by-Entry Reconciliation) shows the individual revenue adjustment for each underlying entry summary covered. In addition, that notice set forth that an Aggregate Reconciliation applies only to entry summaries showing either an increase (upward adjustment) or no change in duties, taxes, and fees. An Entry-by-Entry Reconciliation may include entry summaries that show a decrease (downward adjustment) in the amount of duties, taxes, and fees owed.

The **Federal Register** notice published on August 18, 1998, discussed the components of Aggregate Reconciliations (the Header, Association File, and Summarized Line Data Spreadsheet; the same as for Entry-by-Entry Reconciliations) and provided that in cases where a Reconciliation entry is filed with no adjustments to value or other reconcilable issues—that is, merely to satisfy the obligation to file a Reconciliation entry after entry summaries had been flagged, the spreadsheet need not be provided. Importers were cautioned to be mindful of the distinction between true "no-change" Reconciliations (no adjustments) and Reconciliations where there are adjustments but no revenue implications. In the latter case, a spreadsheet is required.

The **Federal Register** notice published on July 21, 1999, provided importers the option to report entry summaries with a downward adjustment in duties, taxes, and fees through an Aggregate Reconciliation. These entry summaries must be listed separately from the upward adjusted and no-change entry summaries reported and must be accompanied by a certification that, among other things, waives any claims for refunds relative to these downward adjusted entry summaries.

Current Data Requirement for No-Change Reconciliations

A "no-change Reconciliation" is a Reconciliation entry covering only flagged entry summaries that do not show a change or adjustment at the time of Reconciliation (the filing of the Reconciliation entry). This kind of Reconciliation may be filed using either the Aggregate or Entry-by-Entry method. Which method to use for this specific type of Reconciliation depends entirely on the importer's preference and/or software capabilities. These Reconciliations serve merely to "close out" flags on entries that were later found to require no adjustments at the time of Reconciliation. As noted above, no spreadsheet is required for this type of Reconciliation. Importers, however, must still provide information regarding the *original* duties, taxes, and fees paid on the underlying entry summaries covered in the Reconciliation when they transmit their Header and Association File via ABI. The Aggregate Reconciliation requires only the aggregate amount of original duties, taxes, and fees paid on the underlying entry summaries covered in the Aggregate Reconciliation entry, while the Entry-by-Entry Reconciliation must show the original amount of duties, taxes, and fees for each individual entry summary covered.

New Reduced Data Requirement for No-Change Aggregate Reconciliations

In order to further simplify the Reconciliation process, Customs will allow importers filing no-change Reconciliations by the Aggregate Reconciliation method to file the Reconciliation entry without the original duty, tax, and fee information. This document announces this modification to the prototype.

These no-change Aggregate Reconciliations, by definition, cannot include entry summaries showing upward or downward adjustments. Importers who wish to take advantage of this option must transmit zeros in the money fields for this type of Reconciliation. Transmission of the Association File is still required. This change will eliminate the redundancy of providing information that has been reported previously to Customs (on the flagged entry summary). It also will eliminate the expenditure of time and effort (by Customs and the trade) required to reconcile instances of disparity between filer (importer or its broker) information and Customs information on no-change Reconciliation entries. Customs believes

that this change will greatly improve the prototype.

Customs emphasizes that this reduced data option is available only for no-change Reconciliations filed via the Aggregate Reconciliation method. ACS is not programmed to accept this type of reduced data, no-change Reconciliation via the Entry-by-Entry Reconciliation method. Therefore, no-change Entry-by-Entry Reconciliations must include the original duty, tax, and fee information for each entry summary covered.

The choice to use the Entry-by-Entry or Aggregate method to report no-change Reconciliations remains at the importer's discretion; however, no-change Reconciliations reported via the Aggregate method must be transmitted as described in this document (zeros in the money fields). Customs strongly encourages importers to take advantage of this streamlined method. ACS is expected to be ready to accept the reduced data, no-change Aggregate Reconciliation entries in February 2001. The exact date will be announced via an ABI administrative message.

Fee-for-Service Procedure for Requesting Reports of Flagged Entries

The tracking and timely reconciliation of flagged entry summaries is the responsibility of the importer (and filer/broker). To assist the importer in this regard, Customs has been providing importers with reports of their flagged entries upon request. Additionally, Customs has been providing importers with monthly reports of flagged entries coming due during the following month (known as the "Heads-Up Report"). However, due to workload considerations, continued issuance of these flagged entry reports has become unsustainable.

Because Customs believes that a centralized, efficient clearinghouse for providing flagged entry reports is beneficial to both Customs and the Trade, it proposed an Internet-based lookup system in the December 29, 1999, **Federal Register**. This system was not developed but has been replaced with a fee-for-service procedure to be handled by Customs Accounting Services Division in Indianapolis, IN. Thus, this document announces the fee-for-service report procedure as a modification to the prototype. Customs believes that the announced fee-for-service procedure will be more efficient and provide a better product than in the past. Additionally, Customs will be properly reimbursed for manpower and computer time spent downloading and compiling these reports.

The new fee-for-service flagged entry reports are extensions of two reports

Customs already provides: the Masterfile Extract and the Liquidation Extract. The Masterfile Extract reports all open bills and unliquidated formal entries. The Liquidation Extract reports all liquidated entries during a given fiscal year. Under the test, both reports will provide, among other things, dates of entry and entry summary; total duties, taxes, and fees paid on a given entry; whether the entry was flagged for reconciliation; and the particular issue or issues for which the entry was flagged (Value, Classification, 9802, NAFTA or a combination of these). Listed entries which do not reflect any flag data either were never flagged or the flags were already closed out on a previously submitted Reconciliation. Since flagged underlying entry summaries for a certain period may be liquidated or unliquidated, importers are encouraged to request both reports to maintain complete records.

Customs expects to be ready to issue these reports with Reconciliation information in February 2001. The exact date will be announced via an ABI administrative message. In the interim, the Reconciliation team will continue to provide the flagged entry reports upon request. When the fee-for-service report system becomes operational, the free reports currently provided by the Reconciliation team, including the "Heads-Up Report," will cease to be issued.

As stated before, the Masterfile Extract will list all open bills and all unliquidated formal entries, and the Liquidation Extract will list all liquidated entries for a given importer number during a given fiscal year (October 1–September 30). Under the new procedure, requests for reports must be in writing on company letterhead and include payment for processing fees. They also must specify the Importer of Record Number (the IRS number).

The fees for Master File Extracts are as follows: \$150 for the first importer number; \$50 for the second importer number; and \$25 for each additional importer number.

The pricing for the Liquidation Extract is separate from the Master File Extract and is as follows: \$200 for the first importer number for a given fiscal year, plus \$50 for each additional fiscal year requested for that importer number; \$100 for the second importer number for a given fiscal year, plus \$50 for each additional fiscal year requested for that importer number; and \$75 for each additional importer number for a given fiscal year, plus \$50 for each additional fiscal year requested relative to those importer numbers.

In addition to requesting reports in letter form, importers can request that Customs furnish a report via computer diskette. If the importer requests that Customs furnish the report on both computer diskette and paper, an additional fee of \$50 will be charged. The written request, with payment in the form of a check made payable to the U.S. Customs Service, should be mailed to: U.S. Customs Service, Accounting Services Division, ATTN: Collections Section, 6026 Lakeside Blvd., Indianapolis, IN 46278. Each request requires approximately one week from receipt to process. If further information or assistance is needed to determine charges, please contact Debbie Wolfley at (317) 298–1200, extension 1363.

Modification of the Liquidated Damages Provision

The liquidated damages process for non-filed and late-filed Reconciliation entries was announced in the December 29, 1999, **Federal Register** notice. This document announces a modification of the liquidated damages and mitigation guidelines for non-filed and late-filed Reconciliations.

The guidelines set forth the assessed liquidated damages amounts for each violation type and provide a mitigation amount for each violation, described as the "Option 1" amount. An importer may agree to pay the lower Option 1 amount and waive the right to further mitigate the claim below that amount. There are five types of liquidated damages violations under the prototype guidelines: (1) Reconciliation No File; (2) Reconciliation Money No File; (3) Reconciliation Late File; (4) Reconciliation Money Late File; and (5) Reconciliation Late File With Money No File. The new guidelines set forth their descriptions, assessed liquidated damages amounts, and "Option 1" amounts.

For administrative convenience, Customs has decided to drop the interest calculation (total duties, taxes, fees, and interest, if applicable, due on Reconciliation x number of days late x 0.1%) set forth in the December 29, 1999, **Federal Register** notice as a component of the Option 1 amount. Instead, the Option 1 amount under the new guidelines will be a flat amount (\$100 per entry to a maximum of \$500) based on the number of entries filed late. No relief will be afforded until all entries identified on a "Notice of Penalty or Liquidated Damages" form (CF-5955A) issued to the importer by Customs are reconciled. These new Option 1 amounts are effective on the date this document is published in the **Federal Register**. All other aspects of

the liquidated damages process announced in the December 29, 1999, notice remain the same.

New Liquidated Damages Guidelines

1. Reconciliation No File

Description: Entry summaries flagged but no Reconciliation filed. Customs will issue a single consolidated liquidated damages claim for all entries fitting this description for a given importer, per month, per surety.

Assessed Liquidated Damages Amount: Total entered value of the underlying entry(ies).

Option 1 Amount: The filing of the Reconciliation entry (or entries) covering the flagged entry summaries listed on the consolidated liquidated damages claim (CF 5955A), with all applicable duties, taxes, fees, and interest owed, will be treated as a petition for relief. Payment of the Option 1 amount will be authorized only upon the proper filing of this Reconciliation, with duties, taxes, fees, and interest. For a consolidated monthly liquidated damages claim covering five or more flagged entry summaries, the Option 1 amount is \$500. For consolidated monthly claims involving four or fewer flagged entry summaries, the Option 1 amount is \$100 per entry.

2. Reconciliation Money No File

Description: Reconciliation filed timely but without payment of additional duties, taxes, fees, and interest due.

Assessed Liquidated Damages Amount: \$1,000 or double the duties, taxes, fees, and interest due on the Reconciliation, whichever is greater.

Option 1 Amount: Payment of the Option 1 amount will be authorized only after all duties, taxes, fees, and interest due are paid. For claims involving five or more flagged entry summaries, the amount is \$500. For claims involving four or fewer flagged entry summaries, the amount is \$100 per entry.

3. Reconciliation Late File

Description: Reconciliation filed and paid after the 15-month deadline.

Assessed Amount: \$1,000 or double the duties, taxes, fees, and interest, if applicable, due on the Reconciliation, whichever is greater.

Option 1 Amount: For claims involving five or more flagged entry summaries, the amount is \$500. For claims involving four or fewer flagged entry summaries, the amount is \$100 per entry.

4. Reconciliation Money Late File

Description: Reconciliation filed timely but payment of additional duties, taxes, fees, and interest due submitted late.

Assessed Amount: \$1,000 or double the duties, taxes, fees, and interest due on the Reconciliation, whichever is greater.

Option 1 Amount: For claims involving five or more flagged entry summaries, the amount is \$500. For claims involving four or fewer flagged entry summaries, the amount is \$100 per entry.

5. Reconciliation Late File with Money No File

Description: Reconciliation filed late, without payment of duties, taxes, fees, and interest due.

Assessed Amount: \$1,000 or double the duties, taxes, fees, and interest due on the Reconciliation, whichever is greater.

Option 1 Amount: Payment of Option 1 amount will be authorized only after duties, taxes, fees, and interest due are paid. For claims involving five or more flagged entry summaries, the amount is \$500. For claims involving four or fewer flagged entry summaries, the amount is \$100 per entry.

New Diskette Labeling Procedure

The **Federal Register** notice of February 6, 1998, announced that, along with the ABI-transmitted Header and Association File, importers must submit line item data in both hard copy and commercial spreadsheet format via diskette. All aspects of the test concerning line item spreadsheets remain the same. This document merely addresses the labeling of the diskettes.

Starting on the date this document is published in the **Federal Register**, importers, per the Bureau of the Census, must label diskettes with the following information: Reconciliation entry number, importer of record number (generally the IRS Tax Identification number), and the calendar year or years covered by the Reconciliation spreadsheet contained on that diskette. For example, regarding the latter bit of information pertaining to calendar year, if the Reconciliation covers a fiscal year's worth of entries that were entered from October 1, 1999, through September 30, 2000, the diskette should be labeled "1999-2000," along with the Reconciliation entry number and the IRS number.

Continued Use of Midpoint Interest Calculation for Aggregate Reconciliations

The use of a midpoint interest calculation method was authorized for Aggregate Reconciliations when the Miscellaneous Trade and Technical Corrections Act of 1999 was signed into law on June 25, 1999. The law included a sunset provision of October 1, 2000. Use of midpoint interest calculation under the test was announced in the July 21, 1999, **Federal Register** notice. On November 9, 2000, the Tariff Suspension and Trade Act of 2000 was signed into law (Pub. L. 106-476; the Act). Under section 1451 of the Act, section 505(c) of the Tariff Act of 1930 (19 U.S.C. 1505(c)), as amended, was amended to remove the sunset provision. Therefore, importers may continue to use the midpoint interest calculation method for Aggregate Reconciliations. Procedures regarding the use of midpoint interest remain the same as described in the July 21, 1999 **Federal Register** notice.

The ACS Reconciliation Prototype Survey

A Reconciliation Prototype survey was published on the Customs web site in order to solicit comments and suggestions from various entities of the trade community (see also **Federal Register** (65 FR 36505) notice published on June 8, 2000. The number of responses to this voluntary survey was minimal in comparison to the volume of importers approved for Reconciliation. A summary of the survey responses will be compiled and published on the Customs web site in the near future.

Dated: January 31, 2001.

Bonni G. Tischler,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 01-6222 Filed 3-12-01; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

Art Advisory Panel—Notice of Closed Meeting

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice of closed meeting of Art Advisory Panel.

SUMMARY: Closed meeting of the Art Advisory Panel will be held in Washington, DC.

DATES: The meeting will be held April 11 and 12, 2001.

what they witnessed (e.g., goods were crushed and then ground up into one inch diameter pebbles") or whatever the actual destruction process was and what happened to any residue or remainder (e.g., buried or incinerated);

(2) Photographs of the destruction to accompany affidavits; and

(3) Reports from other Government agencies (e.g., EPA, certifying destruction).

Denial of Application to Participate in Paperless Drawback Prototype

Customs will issue written notification to any party whose application to participate in the Paperless Drawback prototype is denied. The written notice will set forth the reasons for the denial and inform the applicant that the denial may be appealed within 30 days of the date of the notice.

The appeal should include substantiating documentation that establishes, to Customs satisfaction, that the alleged deficiencies that led to the denial did not occur or have been corrected. The appeal should be addressed to U.S. Customs, Trade Programs, Executive Director, 1300 Pennsylvania Avenue, NW., Room 5.2-33, Washington, DC 20229. Customs will issue a written determination to the applicant within 30 days of receipt of the appeal.

Applicants who are denied participation in the Paperless Drawback prototype who do not appeal, or applicants who have had an appeal denied, may reapply if Customs subsequently reopens the application period. Customs will publish a notice in the **Federal Register** announcing any subsequent reopening of the application period.

Changes to Application Information

Throughout the prototype period, participants must provide Customs with advance notification of any changes to the information provided in the application. This notification must be provided to Customs at least seven days before the effective date of a change and will be considered an amendment to the application. By written notice to the participant, Customs may reject such an amendment or suspend the party from further participation in the prototype.

Misconduct Under Prototype

All participants in the Paperless Drawback prototype are required to abide by the terms and conditions of this notice. A participant may be suspended from the prototype, subject to penalties and other administrative sanctions, and/or prevented from

participation in future prototypes if a participant fails to:

(1) Maintain a sufficient level of compliance;

(2) File accurate and timely data;

(3) Supply Customs with requested information;

(4) Cooperate fully in a Drawback Compliance Assessment, Focus Assessment or audit;

(5) Provide timely and accurate data and adequate resources in support of a Drawback Compliance Assessment, Focus Assessment or audit, or comply fully with the terms of a Compliance Improvement plan;

(6) Maintain sufficient continuous bond coverage; or

(7) Exercise reasonable care in following the Paperless Drawback prototype procedures and obligations outlined in this notice, including all other applicable laws and regulations.

Suspension From Participation in Paperless Drawback Prototype

Customs has the discretion to suspend a Paperless Drawback prototype participant based on the determination that an unacceptable compliance risk exists, or for misconduct as described in the "Misconduct Under Prototype" section of this notice. Except in the case of willfulness on the part of a prototype participant, or where public health, interest or safety is concerned, written notice of a proposed suspension will be issued by Customs to the participant on a prospective basis. The notice of pending suspension will set forth the reasons for the action. The participant may appeal such decision, in writing, within 15 days of receipt of Customs suspension notification. The appeal should include substantiating documentation that establishes, to Customs satisfaction, that the alleged deficiencies that led to the pending suspension did not occur or have been corrected. The appeal should be addressed to U.S. Customs, Trade Programs, Executive Director, 1300 Pennsylvania Avenue, NW., Room 5.2-33, Washington, DC 20229. Customs will issue a written determination to the participant within 30 days of receipt of the appeal. If no appeal is timely submitted, the suspension will go into effect as of the date set forth in the notice of suspension. If an appeal is timely submitted, Customs will hold the suspension in abeyance until such time as a written determination based on the appeal has been issued.

Prototype Evaluation

Participation in the Paperless Drawback prototype is not deemed confidential information. Lists of

participants and evaluation results will be made available to the public by means of the Customs Electronic Bulletin Board and the Customs Administrative Message System, and upon written request. Also, upon conclusion of the prototype, the final results will be published in the **Federal Register** and the Customs Bulletin and reported to Congress.

Dated: September 24, 2002.

Jayson P. Ahern,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 02-24589 Filed 9-26-02; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Customs Service

Modification and Clarification of Procedures of the National Customs Automation Program Test Regarding Reconciliation

AGENCY: Customs Service, Treasury.

ACTION: General notice.

SUMMARY: This document announces modifications to the Customs Automated Commercial System (ACS) Reconciliation prototype test regarding NAFTA Reconciliation entries, the method for filing Reconciliation entries covering flagged entry summaries for which liquidated damages have been assessed, acceptance of compact disks for Reconciliation spreadsheets, and applicability to test participants of previously suspended regulatory provisions of part 111, Customs Regulations. Other than these modifications, the test remains the same as set forth in previously published **Federal Register** notices. The document also provides clarifications and reminders to test participants regarding certain other aspects of the test and announces the new address for Reconciliation submissions for the port of NY/Newark.

DATES: Effective as of January 27, 2003, the previously suspended regulatory provisions of part 111 of the Customs Regulations will be applicable to Reconciliation test participants. Effective as of December 26, 2002, are the following three Reconciliation test modifications: (1) Test participants who have flagged an entry summary for NAFTA Reconciliation must file a NAFTA Reconciliation entry to make a post-entry claim for NAFTA under 19 U.S.C. 1520(d); (2) where a test participant amends a timely filed NAFTA Reconciliation entry after it is returned by Customs for correction, the

test participant cannot add entry summaries to those that were covered in the original Reconciliation entry; (3) a Reconciliation entry filed in response to a monthly liquidated damages claim for no-file violations cannot include flagged entry summaries that are not in violation. Effective September 27, 2002, test participants may submit Reconciliation spreadsheet line item data via compact disks. The two-year testing period of this Reconciliation prototype commenced on October 1, 1998, and was extended indefinitely starting October 1, 2000. Applications to participate in the test will be accepted throughout the duration of the test.

ADDRESSES: Written inquiries regarding participation in the Reconciliation prototype test and/or applications to participate should be addressed to Mr. John Leonard, Reconciliation Team, U.S. Customs Service, 1300 Pennsylvania Ave. NW., Room 5.2A, Washington, DC 20229-0001. Answers to inquiries regarding the test are also available at Recon.Help@customs.treas.gov.

FOR FURTHER INFORMATION CONTACT: Mr. John Leonard at (202) 927-0915 or Ms. Christine Furgason at (202) 927-2293.

SUPPLEMENTARY INFORMATION:

Background

Reconciliation, a planned component of the National Customs Automation Program (NCAP), as provided for in Title VI (Subtitle B) of the North American Free Trade Agreement Implementation Act (the NAFTA Implementation Act; Public Law 103-182, 107 Stat. 2057 (December 8, 1993)), is currently being tested by Customs under the Customs Automated Commercial System (ACS) Prototype Test. Customs announced and explained the test in a general notice document published in the **Federal Register** (63 FR 6257) on February 6, 1998. Clarifications and operational changes were announced in four subsequent **Federal Register** notices: 63 FR 44303 published on August 18, 1998; 64 FR 39187 published on July 21, 1999; 64 FR 73121 published on December 29, 1999; and 66 FR 14619 published on March 13, 2001. A **Federal Register** (65 FR 55326) notice published on September 13, 2000, extended the prototype indefinitely.

As announced in a previously published document on Reconciliation (August 18, 1998), certain regulations of part 111 of the Customs Regulations were suspended for test participants (sometimes referred to as importers). This document announces that those regulations are no longer suspended.

Also, since commencement of the test, Customs has monitored the test's operation and has observed several practices engaged in by test participants that are not consistent with the procedures Customs expects participants to follow. Consequently, this document modifies the test with respect to North American Free Trade Agreement (NAFTA) Reconciliation entries and the method for filing Reconciliation entries covering flagged entry summaries for which liquidated damages have been assessed, and provides clarifications and reminders concerning other aspects of the test regarding: reduced-data, no-change Aggregate Reconciliation entries; maintenance of bond riders covering Reconciliation entries; the right to file Reconciliation entries; and the "port" column data element of the line item spreadsheet.

The document also modifies the test regarding use of compact disks for Reconciliation spreadsheets.

Aside from the above modifications, including the removal of the suspension of the part 111 regulations, the test remains as set forth in the previously published **Federal Register** notices.

Finally, the document sets forth the new address for submitting Reconciliation entries for the port of NY/Newark.

For application requirements, see the **Federal Register** notices published on February 6, 1998, and August 18, 1998. Additional information regarding the test can be found at <http://www.customs.gov/recon>.

Reconciliation Generally

Reconciliation is the process that allows an importer, at the time an entry summary is filed, to identify undeterminable information (other than that affecting admissibility) to Customs and to provide that outstanding information at a later date. The importer identifies the outstanding information by means of an electronic "flag" which is placed on the entry summary at the time the entry summary is filed and payment (applicable duty, taxes, and fees) is made. The issues for which an entry summary may be "flagged" (for the purpose of later reconciliation) are limited and relate to: (1) Value issues; (2) classification issues, on a limited basis; (3) "9802 issues," those concerning value aspects of entries filed under heading 9802, Harmonized Tariff Schedule of the United States (HTSUS)); and (4) NAFTA issues, those concerning merchandise entered under the North American Free Trade Agreement (NAFTA).

The flagged entry summary (the underlying entry summary) is liquidated for all aspects of the entry except those issues that were flagged. The means of providing the outstanding information at a later date relative to the flagged issues is through the filing of a Reconciliation entry. The flagged issues will be liquidated at the time the Reconciliation entry is liquidated. Any adjustments in duties, taxes, and/or fees owed will be made at that time. (See the February 6, 1998, **Federal Register** notice for a more detailed presentation of the basic Reconciliation process.)

Test Modifications

Use of Reconciliation to Make Post-Entry NAFTA Claims

Ordinarily, a claim for duty-free treatment under NAFTA is made at the time of entry; however, in some circumstances, an importer is unable to make the claim at that time. In that instance, an importer may make a post-entry NAFTA claim under the authority of 19 U.S.C. 1520(d). This provision authorizes Customs to reliquidate an entry, notwithstanding that a valid protest under 19 U.S.C. 1514 was not filed, to refund excess duties paid when imported merchandise qualifies for NAFTA treatment but a claim for NAFTA was not made at the time of entry. Under § 181.33(c)(1), Customs has accepted 1520(d) NAFTA claims after entry but before liquidation; these claims do not require reliquidation.

There are two ways to make a 1520(d) NAFTA claim: One way is to file an individual 1520(d) claim in accordance with the procedures set forth in subpart D of part 181 of the Customs Regulations (hereafter referred to as a part 181 NAFTA claim), and the other is to make a 1520(d) claim in accordance with the Reconciliation process (hereafter referred to as a NAFTA Reconciliation claim). No action is required at the time of entry when a part 181 NAFTA claim is later filed within one year of the date of importation. In contrast, a NAFTA Reconciliation claim requires following Reconciliation test procedures: the importer flags entry summaries for NAFTA and files, within one year of the date of importation, a NAFTA Reconciliation entry that resolves the NAFTA issue for those entries. (The filing of the Reconciliation entry, not the mere flagging of the entry summaries, constitutes the making of the NAFTA claim under the Reconciliation process.)

In monitoring the test, Customs observed that importers, in some instances, flagged entry summaries for a

NAFTA Reconciliation and then filed a separate part 181 NAFTA claim covering those same entry summaries. In other instances, Customs observed that importers filed part 181 NAFTA claims and a NAFTA Reconciliation entry covering the same entry summaries, representing a double claim.

In fairness, Customs notes that it made allowances during the first year or more of the test relative to the filing of NAFTA Reconciliation claims while importers changed internal procedures and practices. Also, during the initial period of the test, Customs was unable to liquidate NAFTA Reconciliation entries due to ACS programming development. Consequently, some importers may have been allowed to submit separate part 181 NAFTA claims after flagging for NAFTA Reconciliation the same entry summaries covered in those part 181 NAFTA claims. Customs notes, however, that participants have had ample time to adjust their procedures and practices. Also, Customs now has full Reconciliation liquidation programming capability and has been liquidating NAFTA Reconciliation entries and processing refunds since April of 2001. Thus, Customs will no longer accept the practice by test

participants of filing separate part 181 NAFTA claims covering the same entry summaries already flagged for NAFTA Reconciliation.

Beginning with the effective date of this change (see below), for entry summaries that are flagged for NAFTA issues, the filing of a Reconciliation entry will be considered the exclusive means to make a 1520(d) NAFTA claim for those entry summaries. After the flagging of entry summaries, the filing of a separate part 181 NAFTA claim covering any or all of those entry summaries will be considered duplicative and will not be accepted. If an importer wishes to make a part 181 NAFTA claim for a given entry summary, the importer should not flag that entry summary for NAFTA Reconciliation.

With this modification to the test, an importer who flags entry summaries for NAFTA Reconciliation in effect waives its ability to file a part 181 NAFTA claim covering those entry summaries and commits to making the post-entry NAFTA claim for those flagged entry summaries only through the filing of a NAFTA Reconciliation entry. This modification will ensure that Customs does not process duplicate post-entry NAFTA claims covering the same entry

summaries, one under the part 181 procedures and another under Reconciliation procedures, and will thereby protect the revenue. Another problem this modification will resolve is the clogging up of the Reconciliation process from flagged entry summaries that have been abandoned.

In summary, once entry summaries are flagged for NAFTA under the test, the importer has two options: (1) Make the NAFTA Reconciliation claim for the flagged entry summaries by timely filing a Reconciliation entry under the test procedure or (2) choose not to file a Reconciliation entry and let the NAFTA claim for the flagged entry summaries lapse with the passage of the filing deadline. Customs expects that importers who flag entry summaries for NAFTA Reconciliation understand that they make a commitment to file a NAFTA Reconciliation entry to make the 1520(d) NAFTA claim and that they waive the ability to make that claim any other way.

The table below highlights the options available to importers for filing a 1520(d) NAFTA claim, as well as the options available to a Reconciliation test participant who chooses to flag an entry summary for a NAFTA issue:

OPTIONS FOR MAKING POST-ENTRY NAFTA CLAIM UNDER 1520(D)

Part 181 procedure	Reconciliation procedure
File a claim pursuant to procedures set forth in subpart D, part 181 of the Customs Regulations within one year of date of importation. No action required at the time of entry.	Flag entry summary for NAFTA Reconciliation at time of entry. After flagging the entry summary, do one of the following:
Does not apply to entry summaries that have been flagged for NAFTA Reconciliation. A part 181 claim covering entry summaries that have been flagged for Reconciliation will be rejected. For flagged entry summaries, see column 2, "Reconciliation Procedure."	(1) Resolve the NAFTA claim for the flagged entry summary(ies) by timely filing a Reconciliation entry under the test procedure; or (2) Choose not to file a Reconciliation entry and let the NAFTA claim for the flagged entry summaries lapse with the passage of the filing deadline.

This test modification is effective 90 days after the date of publication of this document in the **Federal Register**. The Reconciliation test procedure for making post-entry NAFTA claims is explained in the February 6, 1998, and December 29, 1999, **Federal Register** notices.

Finally, Customs recommends the use of the Reconciliation test for making post-entry NAFTA claims because the test procedure provides the importer with several benefits. First, using the test procedure is a simpler means of filing claims; the importer is able to make potentially thousands of NAFTA claims on one Reconciliation. Second, the importer can receive one check from Customs rather than many (even up to thousands) upon Customs liquidation of a Reconciliation entry and issuance of a

refund. Third, because processing NAFTA claims under Reconciliation is simpler for Customs, the refund delivery system is more efficient.

Amendment of Timely Filed NAFTA Reconciliation Entries

Under the test, participants can amend timely filed NAFTA Reconciliation entries when Customs rejects a Reconciliation entry and returns the entry to the participant for correction. In monitoring the test, Customs observed that, some importers amending timely filed NAFTA Reconciliation entries added entry summaries to the corrected Reconciliation entry upon returning it to Customs for processing and eventual liquidation. The result has been that entry summaries that were time-barred from Reconciliation because they were

not covered by a timely filed Reconciliation entry were liquidated in the Reconciliation process.

Up to now, Customs has accepted this practice but here announces that, effective 90 days after publication of this document in the **Federal Register**, the practice will no longer be accepted. Thus, when Customs rejects a NAFTA Reconciliation entry for correction, no additional underlying entry summaries (whether or not time-barred) may be added to that NAFTA Reconciliation when it is resubmitted. This modification will streamline the NAFTA Reconciliation process, improve Customs efficiency in processing claims, and better protect the revenue against double claims.

Liquidated Damages for No-file Reconciliation Entries

Provisions regarding the assessment of liquidated damages against participants in the Reconciliation test for failure to file or late filing of Reconciliation entries and/or moneys (duties, taxes, and/or fees) due with these entries were announced in the December 29, 1999, **Federal Register** notice and modified in the March 13, 2001, **Federal Register** notice. This document announces an additional modification of the test's liquidated damages and mitigation guidelines relative to no-file Reconciliation violations.

For each test participant that is identified by Customs as having committed no-file violations, *i.e.*, entry summaries flagged but no Reconciliation entry filed and the filing deadline has passed, Customs will issue monthly Reconciliation liquidated damages claims (CF 5955a Notice of Penalty or Liquidated Damages). A separate claim will be issued for each continuous bond number under which the affected flagged entry summaries were filed. (For example, if all affected flagged entry summaries involve one continuous bond, one CF 5955a claim covering all affected flagged entry summaries will be issued to the violating participant. If three continuous bonds are involved among all the affected flagged entry summaries, three CF 5955a claims will be issued to the violating participant, each claim covering only the affected flagged entry summaries filed under a particular bond.) Mitigation is afforded for no-file Reconciliation entries once the flagged entry summaries listed in the claim are properly reconciled. In this way, a Reconciliation entry filed by a participant to resolve a no-file violation is, in effect, a petition for mitigation.

In monitoring the test, Customs observed that participants commingle, on Reconciliation entries, flagged entry summaries listed as no-file violations on a CF 5955a with other flagged entry summaries that are not in violation. Up to now, Customs has allowed this practice but now modifies the test to stop the practice.

Under the new practice, participants who receive a monthly liquidated damages claim covering flagged entry summaries that have not been reconciled (representing no-file violations), and who seek to reconcile those flagged entry summaries, must submit a Reconciliation entry (or Reconciliation entries) that contains only those flagged entry summaries listed on the CF 5955a. By limiting these

Reconciliation entries to the flagged entry summaries involved in the violations, Customs separates the Reconciliation liquidated damages/mitigation process from the ordinary Reconciliation liquidation process.

This test modification is effective 90 days after publication of this document in the **Federal Register**.

Acceptance of Compact Disks as Approved Reconciliation Spreadsheet Media

Customs announces a modification of the test to allow importers to submit Reconciliation spreadsheet line item data via compact disks, as well as 3.5 inch diskettes. All requirements regarding the content and format of the spreadsheet remain the same as described in prior **Federal Register** notices, including the requirement that a hard copy be submitted to the processing port (unless this requirement is waived by the port).

This modification to the test is effective on the date this document is published in the **Federal Register**.

Regulations No Longer Suspended

The August 18, 1998, **Federal Register** notice included a section on regulatory provisions suspended and referred to part 111 of the Customs Regulations. This document announces that the provisions of part 111 are no longer suspended for Reconciliation test participants. Regulations providing for the licensing of, and the granting of permits to, customs brokers must be complied with. This includes compliance with § 111.2(b)(2)(i)(C) which requires a national permit issued under § 111.19(f) for a broker participating in the test to transact customs business within a district for which the broker does not have a district permit.

This modification to the test is effective 120 days from the date this document is published in the **Federal Register**. Affected customs brokers participating in the test must have a valid national permit by that date.

Clarifications and Reminders

Reduced-Data, No-Change Aggregate Reconciliation Entries

After the importer obtains the information that was undeterminable at the time underlying entry summaries were filed and flagged, the importer files a Reconciliation entry that provides that information (by the deadline applicable to the kind of issue flagged). There are two basic types of Reconciliation entries: the Aggregate Reconciliation entry (or Aggregate Reconciliation) and

the Entry-by-Entry Reconciliation entry (or Entry-by-Entry Reconciliation).

The Aggregate Reconciliation contains a list of the underlying entry summaries covered and the aggregate revenue adjustment relative to those entry summaries. Aggregate Reconciliations can be used to report an increase in duties, taxes, and fees owed or no change in the amounts already paid when the underlying entry summaries were filed; decreases may be reported in an Aggregate Reconciliation only when the importer includes a statement waiving any claim to a refund for those decreases.

The Entry-by-Entry Reconciliation can be used to report an increase, decrease, or no-change in revenue (duties, taxes, and/or fees). Unlike the Aggregate Reconciliation, these Reconciliation entries show the revenue adjustment or no change in revenue relative to each entry summary covered. In order to receive a refund, the importer must file an Entry-by-Entry Reconciliation.

The March 13, 2001, **Federal Register** notice announced a new kind of Aggregate Reconciliation: The reduced-data, no-change Aggregate Reconciliation. These Reconciliation entries cover only entry summaries that show no change or adjustment (no increase or decrease) at the time the Reconciliation entry is filed. The reduced-data feature of this Aggregate Reconciliation relieves importers from having to provide, in the Reconciliation entry, the aggregate total of the original duties, taxes, and fees applicable to the underlying entry summaries. Importers have been using this feature of the test program since October 23, 2001, to close out flagged entry summaries that have no change in reportable data. On that date, Customs announced availability of the feature via ABI Administrative Message number 01-1152.

In monitoring the test, Customs recognized a need to clarify that the reduced-data, no-change Aggregate Reconciliation entry is for use only when the importer chooses to close out the Reconciliation with no further action; *i.e.*, when the importer does not anticipate making any changes/modifications whatsoever to that Reconciliation. These Reconciliation entries are not to be used for the single purpose of meeting the filing deadline with the intent to later amend the no-change Reconciliation entry, prior to its liquidation, when the still outstanding undeterminable information is obtained. If a reduced data, no-change Aggregate Reconciliation is filed, that entry will be liquidated immediately.

Test participants filing the reduced-data, no-change Aggregate

Reconciliation are reminded that they must still submit the ABI header document in hard copy to the processing port to which the ABI transmission is made. This header document should state: "Spreadsheet is not provided because there are no adjustments to reportable data elements in this Reconciliation." Participants are required to transmit this same statement in the R15/R16 record of their ABI transmission. Failure to provide both the R15/R16 statement and the hardcopy document will constitute a failure to file violation.

Where a test participant who must file a Reconciliation entry to meet the filing deadline has yet to obtain the undeterminable information needed to resolve the flagged issue, that test participant should timely file a no-change Aggregate Reconciliation entry (*not a reduced data, no-change Aggregate Reconciliation entry*) providing the original duties, taxes, and fees data and, if possible, the best available information of changes expected, along with a letter requesting that Customs delay liquidation until the needed information is obtained.

"Port" Column on the Reconciliation Line Item Spreadsheet

The data elements and specific columns of the Reconciliation line item spreadsheet were explained in the February 6, 1998, **Federal Register** notice and ABI Administrative Message number 99-0506, dated July 9, 1999. Because certain information was omitted from the sample spreadsheet, Customs is clarifying its instructions on properly completing the spreadsheet.

The sample spreadsheet included in the **Federal Register** notice (Durant Motor Corp.) has several blank fields in the port column among the fourteen rows listed. Customs notes that per U.S. Bureau of the Census requirements, all fields in the port column must be filled in with either: (1) The specific four digit port code applicable to the port where the merchandise represented by that line item was entered or (2) the word "all" to denote that the merchandise represented by that line item entered through multiple ports. This should eliminate any confusion regarding proper execution of the port column element of the spreadsheet.

Reconciliation Bond Riders

One of the requirements for participation in the Reconciliation test program is the submission of a Reconciliation bond rider. The bond rider is an addendum to the continuous entry bond required under the Customs Regulations (19 CFR part 113) and is

designed to cover Reconciliation entries. Specific Reconciliation bond rider language can be found in the August 18, 1998, **Federal Register** notice.

During monitoring of the test, Customs discovered that bond riders have not always been filed properly. Thus, Customs reminds participants in the Reconciliation test program that updated Reconciliation bond riders should be submitted to the Customs port where the bond was filed, with a copy of the bond rider submitted to the Headquarters Reconciliation Team.

Updated Address and ABI Filing Information for NY/Newark Port 1001

Due to the terrorist attacks that destroyed the U.S. Customhouse at 6 World Trade Center in New York, the address for Reconciliation submissions for importers assigned to NY/Newark (port 1001) has changed. The new address is: U.S. Customs Service, 1210 Corbin Street, Elizabeth, NJ 07201. Filers may still transmit the ABI portion of their Reconciliations to port 1001.

Dated: September 24, 2002.

Jayson P. Ahern,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 02-24588 Filed 9-26-02; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[REG-209828-96]

Proposed Collection; Comment Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13(44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning an existing final regulation, REG-209828 (TD 8758), Nuclear Decommissioning Funds; Revised Schedules of Ruling Amounts (§ 1.468A-3).

DATES: Written comments should be received on or before November 26, 2002, to be assured of consideration.

ADDRESSES: Direct all written comments to Glenn Kirkland, Internal Revenue

Service, room 6411, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the regulation should be directed to Larnice Mack (202) 622-3179, or through the Internet (*Larnice.Mack@irs.gov*), Internal Revenue Service, room 6407, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Nuclear Decommissioning Funds; Revised Schedules of Ruling Amounts.

OMB Number: 1545-1511.

Regulation Project Number: REG-209828-96.

Abstract: This regulation relates to requests for revised schedules of ruling amounts for nuclear decommissioning reserve funds under section 468A(d) of the Internal Revenue Code. The regulation eases the burden on affected taxpayers by permitting electing taxpayers with qualifying interests in nuclear power plants to adjust their ruling amounts under a formula or method rather than by filing a request for a revised schedule of ruling amounts.

Current Actions: There is no change to this existing regulation.

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations.

Estimated Number of Respondents: 20.

Estimated Time Per Respondent: 5 hours.

Estimated Total Annual Burden Hours: 100.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number.

Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments

Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper

FEDERAL DEPOSIT INSURANCE
CORPORATIONRobert E. Feldman,
Executive Secretary

[FR Doc. 02-28435 Filed 11-7-02; 8:45 am]

BILLING CODE: OCC: 4810-33-S 1/3; Board: 6210-01-S;
1/3; FDIC: 6714-01-S; 1/3

DEPARTMENT OF THE TREASURY

Customs Service

Modification and Clarification of
Procedures of the National Customs
Automation Program Test Regarding
Reconciliation; Correction

AGENCY: Customs Service, Treasury.

ACTION: General notice; correction.

SUMMARY: On September 27, 2002, Customs published a document in the **Federal Register** which announced modifications to the Customs Automated Commercial System (ACS) Reconciliation prototype test and clarified certain aspects of the test. The notice stated that among the topics related to the test for which Customs was providing clarifications and reminders was the "right to file Reconciliation entries." The language reminding test participants who has the right to file entries under the test was inadvertently omitted from the notice. This document sets forth the omitted language.

DATES: Effective as of November 8, 2002.

FOR FURTHER INFORMATION CONTACT: Mr. John Leonard at (202) 927-0915 or Ms. Christine Furgason at (202) 927-2293. Additional information regarding the test can be found at <http://www.customs.gov/recon>. Email inquiries may be sent to: Recon.Help@customs.treas.gov.

SUPPLEMENTARY INFORMATION:

Background

A general notice document was published in the **Federal Register** (67 FR 61200) on Friday September 27, 2002, to announce certain modifications to the Automated Commercial System (ACS) Reconciliation Prototype test regarding NAFTA Reconciliation entries, the method for filing Reconciliation entries covering flagged entry summaries for which liquidated damages have been assessed, acceptance of compact disks for Reconciliation spreadsheets, and applicability to test participants of previously suspended regulatory provisions of part 111, Customs Regulations. The notice also provided clarifications and reminders to test participants regarding certain other aspects of the test and announced a new

address for Reconciliation submissions for the port of NY/Newark.

In the third paragraph of the "Background" section of the general notice, it stated that among the topics related to the test for which Customs was providing clarifications and reminders was the "right to file Reconciliation entries." Inadvertently, the language reminding Reconciliation test participants who has the right to file entries under the test was omitted from the "Clarifications and Reminders" section of the notice.

This document sets forth the omitted language.

Correction

In general notice FR Doc 02-24588, published on September 27, 2002 (67 FR 61200), make the following correction:

On page 61204, in the second column, immediately before the section entitled "Updated Address and ABI Filing Information for NY/Newark Port 1001," insert the following section:

Right to File Reconciliation Entries

Customs reminds test participants that the filing of a Reconciliation entry, like the filing of a regular consumption entry, is governed by 19 U.S.C. 1484 and can be done only by the importer of record as defined in that statute.

Dated: November 5, 2002.

Jayson P. Ahern,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 02-28464 Filed 11-7-02; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE TREASURY

Internal Revenue Service

[PS-54-89]

Proposed Collection; Comment
Request for Regulation Project

AGENCY: Internal Revenue Service (IRS), Treasury.

ACTION: Notice and request for comments.

SUMMARY: The Department of the Treasury, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to take this opportunity to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995, Public Law 104-13 (44 U.S.C. 3506(c)(2)(A)). Currently, the IRS is soliciting comments concerning an existing final regulation, PS-54-89 (TD 8444). Applicable Conventions Under

the Accelerated Cost Recovery System (§ 1.168(d)-1(b)(7)).

DATES: Written comments should be received on or before January 7, 2003, to be assured of consideration.

ADDRESSES: Direct all written comments to Glenn Kirkland, Internal Revenue Service, room 6411, 1111 Constitution Avenue NW., Washington, DC 20224.

FOR FURTHER INFORMATION CONTACT:

Requests for additional information or copies of the regulation should be directed to Larnice Mack (202) 622-3179, or through the Internet (Larnice.Mack@irs.gov), Internal Revenue Service, room 6407, 1111 Constitution Avenue NW., Washington, DC 20224.

SUPPLEMENTARY INFORMATION:

Title: Applicable Conventions Under the Accelerated Cost Recovery System.

OMB Number: 1545-1146. Regulation Project Number: PS-54-89 Final.

Abstract: The regulations describe the time and manner of making the notation required to be made on Form 4562, under certain circumstances when the taxpayer transfers property in certain non-recognition transactions. The information is necessary to monitor compliance with section 168 of the Internal Revenue Code.

Current Actions: There is no change to this existing regulation.

Type of Review: Extension of a currently approved collection.

Affected Public: Business or other for-profit organizations, and farms.

Estimated Number of Respondents: 700.

Estimated Time Per Respondent: 6 min.

Estimated Total Annual Burden Hours: 70 hours.

The following paragraph applies to all of the collections of information covered by this notice:

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid OMB control number. Books or records relating to a collection of information must be retained as long as their contents may become material in the administration of any internal revenue law. Generally, tax returns and tax return information are confidential, as required by 26 U.S.C. 6103.

Request for Comments: Comments submitted in response to this notice will be summarized and/or included in the request for OMB approval. All comments will become a matter of public record. Comments are invited on: (a) Whether the collection of information is necessary for the proper performance of the functions of the

we might take to protect human subjects from investigator misconduct.

DATES: Submit written or electronic comments on agency guidances at any time.

ADDRESSES: Submit written requests for single copies of the guidance to the Division of Drug Information (HFD-240), Center for Drug Evaluation and Research, Food and Drug Administration, 5600 Fishers Lane, Rockville, MD 20857, or to the Office of Communication, Training, and Manufacturers Assistance (HFM-40), Center for Biologics Evaluation and Research, Food and Drug Administration, 1401 Rockville Pike, Rockville, MD 20852-1448. Send one self-addressed adhesive label to assist the office in processing your requests.

Submit written comments on the guidance to the Division of Dockets Management (HFA-305), Food and Drug Administration, 5630 Fishers Lane, rm. 1061, Rockville, MD 20852. Submit electronic comments to <http://www.fda.gov/dockets/ecomments>. See the **SUPPLEMENTARY INFORMATION** section for electronic access to the guidance document.

FOR FURTHER INFORMATION CONTACT:

Rachel Behrman, Center for Drug Evaluation and Research (HFD-40), Food and Drug Administration, 5515 Security Lane, Rockville, MD 20852, 301-594-6758; or Patricia Holobaugh, Center for Biologics Evaluation and Research (HFM-664), Food and Drug Administration, 1401 Rockville Pike, Rockville, MD 20852-1448, 301-827-6347.

SUPPLEMENTARY INFORMATION:

I. Background

FDA is announcing the availability of a guidance for industry and clinical investigators entitled "The Use of Clinical Holds Following Clinical Investigator Misconduct." The guidance provides information on one use of our authority to impose a clinical hold on a study or a study site if FDA finds that human subjects are or would be exposed to an unreasonable and significant risk of illness or injury. The guidance describes the circumstances in which FDA may impose clinical hold based on credible evidence that a clinical investigator conducting the study has committed serious violations of our regulations pertaining to clinical trials involving human drug or biological products or has submitted false information to us or to the study's sponsor in any required report. The guidance is intended to inform interested persons of the circumstances

in which we may impose a clinical hold following the discovery of a clinical investigator's misconduct and the steps we might take to protect human subjects from investigator misconduct.

In the **Federal Register** of August 27, 2002 (67 FR 55025), FDA announced the availability of a draft version of the guidance entitled "The Use of Clinical Holds Following Clinical Investigator Misconduct." The August 2002 guidance gave interested persons an opportunity to submit comments through November 25, 2002. All comments received during the comment period have been carefully reviewed and, where appropriate, incorporated in the guidance. As a result of the public comments and editorial changes, the guidance is clearer than the draft version.

The guidance contains information collection provisions that are subject to review by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520). The collections of information in the guidance were approved under OMB control number 0910-0014.

The guidance is being issued consistent with FDA's good guidance practices regulation (21 CFR 10.115). The guidance represents the agency's current thinking on the use of clinical holds to protect human subjects following clinical investigator misconduct in a clinical trial of a human drug or biological product. It does not create or confer any rights for or on any person and does not operate to bind FDA or the public. An alternative approach may be used if such approach satisfies the requirements of the applicable statutes and regulations. As with other guidance documents, we do not intend this document to be all-inclusive, and we caution that not all information may be applicable to all situations. The document is intended to provide information and does not set forth requirements.

II. Comments

Interested persons may submit to the Division of Dockets Management (see **ADDRESSES**) written or electronic comments on the guidance at any time. Two paper copies of mailed comments are to be submitted, except that individuals may submit one paper copy. Comments are to be identified with the docket number found in brackets in the heading of this document. The guidance and received comments may be seen in the Division of Dockets Management between 9 a.m. and 4 p.m., Monday through Friday.

III. Electronic Access

Persons with access to the Internet may obtain the document at <http://www.fda.gov/cber/guidelines.htm>, <http://www.fda.gov/cder/guidance/index.htm>, or <http://www.fda.gov/oc/gcp/guidance.html>.

Dated: August 23, 2004.

Jeffrey Shuren,

Assistant Commissioner for Policy.

[FR Doc. 04-19983 Filed 9-1-04; 8:45 am]

BILLING CODE 4160-01-S

DEPARTMENT OF HOMELAND SECURITY

Customs and Border Protection

Modification of the National Customs Automation Program Test Regarding Reconciliation

AGENCY: Customs and Border Protection, Homeland Security.

ACTION: General notice.

SUMMARY: This document modifies the Customs and Border Protection Automated Commercial System (ACS) Reconciliation prototype test by: Adding to the kinds of issues that may be subject to Reconciliation post-entry importation claims arising under the United States-Chile Free Trade Agreement; requiring the use of compact disks (CDs) instead of floppy disks for submitting Reconciliation spreadsheets; requiring that the name identifying the spreadsheet on the CD be the Reconciliation entry number; and requiring use of .txt or .xls format for the spreadsheet. Other than these modifications, the test remains the same as set forth in previously published **Federal Register** notices. The document also announces the new addresses for the Reconciliation team (e-mail) and for Reconciliation submissions for the port of NY/Newark.

DATES: The test modifications set forth in this document are effective on October 4, 2004. The two-year testing period of this Reconciliation prototype commenced on October 1, 1998, and was extended indefinitely starting October 1, 2000. Applications to participate in the test will be accepted throughout the duration of the test.

ADDRESSES: Written inquiries regarding participation in the Reconciliation prototype test and/or applications to participate should be addressed to Mr. Richard Wallio, Reconciliation Team, Customs and Border Protection, 1300 Pennsylvania Ave., NW., Room 5.2A, Washington, DC 20229-0001. The e-mail address for inquiries regarding the

test is also available at Recon.Help@dhs.gov.

FOR FURTHER INFORMATION CONTACT: Mr. Richard Wallio at (202) 344-2556.

SUPPLEMENTARY INFORMATION:

Background

Initially, it is noted that on November 25, 2002, the President signed the Homeland Security Act of 2002, 6 U.S.C. 101 *et seq.*, Pub. L. 107-296 (the HS Act), establishing the Department of Homeland Security and, under section 403(1) (6 U.S.C. 203(1)), transferring the U.S. Customs Service, including functions of the Secretary of the Treasury relating to the Customs Service, to the new department, effective on March 1, 2003. Most of the elements that comprised the U.S. Customs Service are now collectively known as U.S. Customs and Border Protection (CBP). The agency will be referred to by that name in this document, unless reference to the Customs Service (or Customs) is appropriate in a given context.

Reconciliation, a planned component of the National Customs Automation Program (NCAP), as provided for in Title VI (Subtitle B) of the North American Free Trade Agreement Implementation Act (Pub. L. 103-182, 107 Stat. 2057 (December 8, 1993)), is currently being tested by CBP under the CBP Automated Commercial System (ACS) Prototype Test. Customs initially announced and explained the test in a general notice document published in the **Federal Register** (63 FR 6257) on February 6, 1998. Clarifications and operational changes were announced in six subsequent **Federal Register** notices: 63 FR 44303, published on August 18, 1998; 64 FR 39187, published on July 21, 1999; 64 FR 73121, published on December 29, 1999; 66 FR 14619, published on March 13, 2001; 67 FR 61200, published on September 27, 2002, and 67 FR 68238, published on November 8, 2002. A **Federal Register** (65 FR 55326) notice published on September 13, 2000, extended the prototype indefinitely. This document modifies the Reconciliation test by: (1) Expanding the issues subject to Reconciliation to include post-entry importation claims arising under the United States-Chile Free Trade Agreement; (2) requiring the use of compact disks (CDs) instead of floppy disks for submitting Reconciliation spreadsheets; (3) requiring that the name identifying the spreadsheet on the CD be the Reconciliation entry number; and (4) requiring use of .txt or .xls format for the spreadsheet. Aside from these modifications, the test remains as

set forth in the previously published **Federal Register** notices.

The document also sets forth the new address for submitting Reconciliation entries for the port of NY/Newark and the new e-mail address for the Reconciliation team.

For application requirements, see the **Federal Register** notices published on February 6, 1998, and August 18, 1998. Additional information regarding the test can be found at http://www.cbp.gov/xp/cgov/import/cargo_summary/reconciliation/.

Reconciliation Generally

Reconciliation is the process that allows an importer, at the time an entry summary is filed, to identify undeterminable information (other than that affecting admissibility) to CBP and to provide that outstanding information at a later date. The importer identifies the outstanding information by means of an electronic "flag" which is placed on the entry summary at the time the entry summary is filed. The issues for which an entry summary may be "flagged" (for the purpose of later reconciliation) are limited and relate to: (1) Value issues; (2) classification issues, on a limited basis; (3) issues concerning value aspects of entries filed under heading 9802, Harmonized Tariff Schedule of the United States (HTSUS); (9802 issues); and (4) post-entry claims under 19 U.S.C. 1520(d) for the benefits of the North American Free Trade Agreement (NAFTA) for merchandise as to which such claims were not made at the time of entry.

The flagged entry summary (the underlying entry summary) is liquidated for all aspects of the entry except those issues that were flagged. The means of providing the outstanding information at a later date relative to the flagged issues is through the filing of a Reconciliation entry. The flagged issues will be liquidated at the time the Reconciliation entry is liquidated. Any adjustments in duties, taxes, and/or fees owed will be made at that time. (The Reconciliation test procedure for making post-entry NAFTA claims is explained in the February 6, 1998, and December 29, 1999, **Federal Register** notices.)

Test Modification

Use of Reconciliation To Make a Post-Entry US-CFTA Claim

On June 6, 2003, the United States and the Republic of Chile (Chile) entered into an agreement, the United States-Chile Free Trade Agreement (US-CFTA), which provides for, among other things, preferential tariff treatment

(including duty free treatment) for goods that qualify as goods originating in the United States or Chile. The provisions of the US-CFTA were adopted by the United States with enactment of the United States-Chile Free Trade Agreement Implementation Act, Pub. L. 108-78, 117 Stat. 909 (19 U.S.C. 3805 note) (the Implementation Act).

Ordinarily, a claim for preferential tariff treatment under the US-CFTA is made at the time of entry, in accordance with the terms of the US-CFTA, the Implementation Act, and any applicable regulations. However, in some instances an importer is unable to make the claim at that time. In that instance, an importer can make a post-entry US-CFTA claim under 19 U.S.C. 1520(d) (section 1520(d)), pursuant to an amendment to that statute made by the Implementation Act. Under this amendment to section 1520(d), entries of goods qualifying under US-CFTA rules of origin were made eligible for liquidation or reliquidation when preferential tariff treatment under the US-CFTA was not claimed at the time of entry, notwithstanding that a protest under 19 U.S.C. 1514 (section 1514) was not filed. A claimant must file a claim under section 1520(d) within one year of the applicable importation and meet other requirements, such as documentary requirements. CBP has accepted post-entry 1520(d) US-CFTA claims before liquidation; these claims do not require reliquidation.

This notice announces that a post-entry 1520(d) claim for preferential tariff treatment under the US-CFTA also can be made under the Reconciliation test, in the same way as can a post-entry NAFTA claim. This alternative requires that an importer follow the Reconciliation test procedure which, in contrast to the ordinary section 1520(d) procedure described above, requires action at the time of entry. That action is to flag the entry summary for Reconciliation and later file a Reconciliation entry within one year of the applicable importation. As programming for US-CFTA Reconciliations is not yet complete, for the time being, a participant wishing to file a US-CFTA Reconciliation must follow the NAFTA Reconciliation process by flagging the entry summary for NAFTA. When programming is complete, participants will be notified with instructions on how to make a post-entry US-CFTA Reconciliation claim.

CBP emphasizes that once an importer flags an entry summary for US-CFTA issues (by, for the time being, actually flagging the entry summary for NAFTA), indicating that it is pursuing

the post-entry section 1520(d) claim through the Reconciliation process, the only means of perfecting the US-CFTA claim is by completing the Reconciliation process by filing a timely Reconciliation entry. (See the September 27, 2002, **Federal Register** notice for an explanation of this same limitation relative to NAFTA issues.) In this way, the flagging of an entry summary constitutes a commitment by the importer to perfect the US-CFTA 1520(d) claim through the Reconciliation process. Thus, once a Reconciliation program participant flags an entry summary to make a US-CFTA 1520(d) claim under the Reconciliation process, CBP will not accept a claim filed under the ordinary section 1520(d) procedure.

CBP notes that a NAFTA 1520(d) claim and a US-CFTA 1520(d) claim cannot be made together on the same Reconciliation entry. They must be filed as separate Reconciliation entries.

CBP recommends the use of the Reconciliation test for making post-entry US-CFTA claims because the test procedure provides the importer with several benefits. First, using the test procedure is a simpler means of filing claims: *i.e.*, the importer is able to make potentially thousands of US-CFTA claims on one Reconciliation entry. Second, the importer can receive one check from CBP rather than many (even up to thousands) upon CBP's liquidation of a Reconciliation entry and issuance of a refund. Third, because processing US-CFTA claims under Reconciliation is simpler for CBP, the refund delivery system is more efficient.

The test modification discussed above will be effective 30 days from the date this notice is published in the **Federal Register**. (The Reconciliation test procedure for making post-NAFTA claims is explained in the February 6, 1998, and the December 29, 1999, **Federal Register** notices.)

Other Changes

This notice also announces other changes to the Reconciliation test program procedure relative to submission of the Reconciliation spreadsheets. Because floppy disks are destroyed by X-ray and irradiation applications now used to screen government mail, participants must use CDs for submitting Reconciliation spreadsheets. CBP will upload the spreadsheet information on the CD to a secure Web site where it will be identified according to the Reconciliation entry number. Therefore, participants must save the spreadsheet on the CD according to the Reconciliation entry number in .txt or

.xls format. Use of these formats is required to better protect the information from computer viruses. Finally, the CDs must be labeled as previously required (see the ACS *Reconciliation Prototype: A Guide to Compliance* at http://www.cbp.gov/xp/cgov/import/cargo_summary/reconciliation).

These modifications to the test are effective 30 days from the date this notice is published in the **Federal Register**.

Change of Addresses

Finally, this notice announces the new mailing address for Reconciliation submissions for importers assigned to the port of NY/Newark (port 1001) and the new e-mail address for Recon.Help. The new mailing address is: U.S. Customs and Border Protection, 1100 Raymond Blvd., Newark, NJ 07201. Participants may still transmit the ABI portion of their Reconciliations to port 1001. The new e-mail address is *Recon.Help@dhs.gov*.

Dated: August 27, 2004.

Jason P. Ahern,

Assistant Commissioner, Office of Field Operations.

[FR Doc. 04-19977 Filed 9-1-04; 8:45 am]

BILLING CODE 4820-02-P

DEPARTMENT OF THE INTERIOR

Office of the Secretary

Delaware & Lehigh National Heritage Corridor Commission Meeting

AGENCY: Department of Interior, Office of the Secretary.

ACTION: Notice of meeting.

SUMMARY: This notice announces an upcoming meeting of the Delaware & Lehigh National Heritage Corridor Commission. Notice of this meeting is required under the Federal Advisory Committee Act (Pub. L. 92-463).

Meeting Date and Time: Friday, September 10, 2004, time 1:30 p.m. to 4 p.m.

Address: Blue Mountain Health System Community Services Center, 217 Franklin Avenue, Palmerton, PA 18071.

The agenda for the meeting will focus on implementation of the Management Action Plan for the Delaware and Lehigh National Heritage Corridor and State Heritage Park. The Commission was established to assist the Commonwealth of Pennsylvania and its political subdivisions in planning and implementing an integrated strategy for protecting and promoting cultural, historic and natural resources. The

Commission reports to the Secretary of the Interior and to Congress.

FOR FURTHER INFORMATION CONTACT: C. Allen Sachse, Executive Director, Delaware & Lehigh National Heritage Corridor Commission, 1 South Third Street, 8th Floor, Easton, PA 18042; (610) 923-3548.

SUPPLEMENTARY INFORMATION: The Delaware & Lehigh National Heritage Corridor Commission was established by Public Law 100-692, November 18, 1988, and extended through Public Law 105-355, November 13, 1998.

Dated: August 26, 2004.

C. Allen Sachse,

Executive Director, Delaware & Lehigh National Heritage Corridor Commission.

[FR Doc. 04-20013 Filed 9-1-04; 8:45 am]

BILLING CODE 6820-PE-M

DEPARTMENT OF THE INTERIOR

Geological Survey

Advisory Committee on Water Information (ACWI)

AGENCY: United States Geological Survey, Interior.

ACTION: Notice of an open meeting of the Advisory Committee on Water Information (ACWI).

SUMMARY: Notice is hereby given of a meeting of the ACWI. This meeting of the ACWI is to discuss broad policy-related topics relating to national water initiatives, and to hear reports from ACWI subgroups. The proposed agenda will include a series of discussions concerning various U.S. Government policies and programs related to the development and dissemination of water information.

The ACWI has been established under the authority of the Office of Management and Budget Memorandum 92-01 and the Federal Advisory Committee Act. The purpose of the ACWI is to provide a forum for water-information users and professionals to advise the Federal Government of activities and plans that may improve the effectiveness of meeting the Nation's water information needs. More than 30 organizations were invited by the Secretary of the Interior to be representatives on ACWI. These include Federal departments, State, local, and tribal government organizations, industry, academia, agriculture, environmental organizations, professional societies, and volunteer groups.

DATES: The formal meeting will convene at 8:30 a.m., on September 14, 2004, and